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Final meeting for Begin government

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — Prime Minister-designate Yitzhak Shamir will present his proposed cabinet to the Knesset this morning, and the new-old ministers are expected to delve into the economic issue shortly after they are voted into office.

The economic problem will overshadow everything else, a cabinet minister predicted in an interview yesterday evening.

The outgoing cabinet of Prime Minister Menachem Begin will hold a ceremonial meeting at 9.30, but it was not clear whether he would attend.

Recalling their last meeting with Begin a few days ago, the minister said: "We talked to him about all sorts of topics."

The Knesset's special session is expected to begin at 10 a.m., and four hours have been allotted for the debate. Shamir is expected to present his cabinet — identical to the outgoing one except that Begin is out and Pessah Grupper will be in as minister of agriculture (replacing the late Simha Ehrlich).

The opposition's main speaker will be Labour Party chairman Shimon Peres, and, according to MK Gad Ya'acobi, Peres will call for immediate elections.

But Shamir has won the support of the National Religious Party, Agudat Yisrael, Tami, Tehiya and independent Knesset members Mordechai Ben-Porat and Haim Druckman. They — together with the Likud — will give him at least 60 votes.

On paper, the coalition also includes MK Avraham Melamed (NRP) (Continued on Page 2, Col. 6)

Cabinet confronts banks crisis

By ASHER WALLFISH
Post Knesset Correspondent

The cabinet devoted its last meeting yesterday to an unscheduled and scarcely thought-out rescue operation to prop up bank shares before their collapse might shatter the economy in an unpredictable chain reaction.

The ministers spent some five hours discussing the banks' inability to keep on regulating the price of their shares, and had little time left for regular government business.

Not one minister questioned the principle that the Treasury and the Bank of Israel must intervene urgently to rescue bank shares, however unconventional or unprecedented this step might seem.

The cabinet will meet once more, some time today, once the negotiations have been concluded with the banks, and approve details of an arrangement that virtually converts bank shares into dollar-linked debentures carrying a Treasury guarantee.

The negotiations, being conducted by Finance Minister Yoram Aridor and Bank of Israel governor Moshe Mandelbaum, follow broad principles that were approved at yesterday's cabinet session. One minister voted against, and four or five abstained. The "nay" vote came from Energy Minister Yitzhak Moda'i.

The anxiety, voiced by four or five ministers, was over the injury that "small investors" would inevitably suffer from not getting last Thursday's stock market rate if they sell their shares. The same ministers who urged that any arrangement with the banks be so drafted as to guarantee the best possible deal for the small investor also urged that the banks' own interests should not be the main criterion in the negotiations. They said that there is no need to link the shares now in the possession of the banks to the dollar as there is for shares held by small investors.

Transport Minister Haim Corfu suggested that anyone holding shares worth \$500,000 or less get full linkage to last week's rate. His idea failed to get support from his colleagues.

The cabinet decision that empowered Aridor and Mandelbaum to negotiate the agreement with the banks on the dollar linkage also (Continued on Page 2, Col. 2)

Public awaiting outcome of bank share rescue operation

By AVI TEMKIN
Post Economic Reporter

Bank of Israel and Finance Ministry teams were busy until late last night preparing the details of the proposed agreement between the Treasury, the commercial banks, and the Bank of Israel on supporting bank shares by linking them to the dollar.

While Finance Minister Yoram Aridor met with his top aides on the agreement, heads of the commercial banks and the Bank of Israel advisory committee were holding urgent consultations last night on the proposed agreement.

According to the proposal, the government would guarantee the dollar value of the bank shares, including an agreed rate of interest, to investors holding them for a minimum period of time.

Among the proposals being considered is making the value of the shares in April 1983 the baseline of the dollar indexation. Originally the Treasury had thought of a January baseline, which would have meant a loss of 15 to 30 per cent to investors.

Since the value of the bank shares on the Tel Aviv Stock Exchange consistently went up during recent months, a more recent indexation baseline would mean smaller losses for shareholders.

The minimum period for which guaranteed shares must be held would be between five and eight years. The banks are reportedly prepared to offer 3 to 4 per cent a year to investors holding the shares for this minimum period.

One of the aspects of the agreement to which the treasury is paying attention is the government guarantee, which would involve underwriting some \$7.5 billion in bank shares currently held by the public. One of the targets of the agreement will be to spread the period of time during which holders of shares will be able to realize their investment,



Bank of Israel governor Moshe Mandelbaum (left) and Finance Minister Yoram Aridor leave the cabinet meeting in Jerusalem. (Rahamim Israeli)

thus minimizing the potential strain on the banks and the government.

The announcement made by the Treasury on Friday about the proposed agreement took almost all private investors by surprise and reduced confidence in an already confused capital market.

Investors and companies throughout the country were anxiously waiting for the details of the new arrangement to calculate their losses and to decide on their next steps.

At the Treasury spokesman's office in Jerusalem, the phone was busy during the afternoon, as dozens of angry citizens protested against what they saw as an attack on their assets.

Treasury Director-General Ezra

Sadan took it upon himself to tour some Jerusalem commercial bank branches. During his tour he told reporters that the damage will be minimal.

But the anger at the Treasury was not confined to private investors. Sources at the Bank of Israel said that the Treasury had been too hasty in making Friday's announcement, after only a few hours' discussion.

Finance Ministry reaction to this was that the central Bank's governor Moshe Mandelbaum was fully aware of the commercial banks' proposals and about the coming announcement. The announcement was made after days and not hours of deliberations, the ministry added,

and Mandelbaum is well aware of this.

Speaking yesterday after the cabinet meeting on the proposed agreement, Mandelbaum said that the Treasury and the Bank of Israel will strive to minimize its damage to investors.

During the cabinet meeting, Aridor announced that the Treasury would give priority to protecting small investors.

According to Mandelbaum, the Bank of Israel and the Treasury will encourage institutions such as pension funds, to invest in bank shares, and this step will help ease pressure caused by the large amount of shares put for sale by the public.

Mandelbaum promised that the government will not touch private foreign currency accounts. He noted that the arrangement with the banks was designed to protect investors, not the banks, and called on the public not to panic.

Some Bank of Israel officials said that the credit and liquidity position of companies with investments in bank shares, or using bank shares as collateral, would be examined during the next few days.

"There will be a few bankruptcies, but the damage could be minimized if adequate steps, like injecting liquidity, by credits and even printing money, are taken," the sources added.

Another question being considered in the Treasury is the possibility that investors might go to court to sue the commercial banks for compensation.

The Treasury said that it has no legal standing in such disputes. At the same time, senior officials were convinced that as the banks never issued written documents promising ever-increasing profits, the chances of potential plaintiffs succeeding would be remote.

Treasury legal advisers met (Continued on Page 2, Col. 5)

Bomb in Burma kills 4 Korean ministers

SEOUL (AP). — A bomb apparently intended for South Korean President Chun Doo Hwan ripped through a mausoleum in Rangoon, Burma, yesterday, killing 19 people including four of his cabinet members, minutes before the president was to arrive.

Reports from Rangoon and from government officials in Seoul said the explosion at the Martyr's Mausoleum occurred just before Chun and his wife were to arrive to place a wreath on the tomb honouring Burmese leaders assassinated in 1947.

Fifteen South Koreans were killed and 16 were injured, according to officials here and reporters travelling with the President's party. Reports from Rangoon said 16 South Koreans, two Burmese newsmen and a Burmese cameraman for the Rangoon government were killed and 48 others injured.

Officials here and in Burma charged that North Korea was behind the bombing. Reports from South Korean reporters in Rangoon quoted Presidential Press Secretary Hwang Sun Pil as blaming Communist North Korea for the explosion.

An Information Ministry official in Seoul said the government was awaiting results of an investigation by Burmese authorities, but there was a "strong implication" that North Korea was involved. Burma was the first stop on a scheduled 18-day goodwill tour that also would have taken Chun to India, Sri Lanka, Australia, New Zealand and Brunei. The trip was cancelled and the president left for home.

Killed were Deputy Prime Minister Suh Suk Joon, 45, who also held the post of head of the economic planning board; Foreign Minister Lee Bum Suk, 58; Dong-Whie, 51, the commerce and industry minister, and Suh Sang Chul, energy and resources minister.

Also killed were Kim Jae Ik, 45, a presidential secretary for economic affairs and leading architect of this country's economic policies; Lee Kye Chul, Seoul's ambassador to Rangoon; and Hahn Pyung Choon, chief presidential secretary and former ambassador to Washington.

When word of the blast reached Seoul, troops and police were put on special alert. No orders went out to the approximately 39,000 U.S. military personnel in South Korea.

With Prime Minister Kim Sang Hyup presiding, the cabinet held two emergency sessions, setting up a special task force to deal with the situation and announcing it would send an investigative team to Rangoon.

'Bank share drop could start chain reaction'

Jerusalem Post Reporter

TEL AVIV. — A fall of 15 to 20 per cent in the value of bank shares could cause a chain reaction throughout the economy, leading to a recession — if not a real one, then a psychological one — according to Zvi Amit, secretary general of the Federation of Chambers of Commerce.

He noted that bank shares were one of the most widely used financial instruments in the country, and

the business sector utilized them for a variety of purposes. Importers, for example, kept a good part of their liquid funds in bank shares. If their funds are reduced 15 to 20 per cent, many would either have to refuse the imports they have ordered, or to borrow money at fantastically high interest rates. Many importers pledged their bank shares as collateral, which would now be 15 to 20 per cent less in value, forcing them to raise more money — also at a

very high cost, and finally, customers would no longer be able to pay for their imports without going into debt.

"The final result will be a stagnating market leading to possible bankruptcies," he said. The Federation yesterday called on the government to "take every step possible to soften the blow."

Building contractors were also worried yesterday about the effects

on their sales. Families who have made down payments on flats could find it difficult to raise the balance of the money they owe.

Circles close to the Manufacturers Association said yesterday: "We make a livelihood by manufacturing, not by speculation, and we will not let the situation created by speculators hurt us." These circles also thought that the drop in value of the bank shares could cause a chain reaction.

SS-21s in Syria 'increase danger of war'

NEWS ANALYSIS/Hirsh Goodman

The news that the Syrians will soon be deploying SS-21 ground-to-ground missiles has been known in Israel for some time. The move is one in a string of decisions taken jointly by the Syrian high command and their Soviet advisers. It is designed to bring Syria's army into a position of strategic parity with Israel while at the same time close the operational gaps in Syria's military capability that were blatantly apparent in the June 1982 war.

The SS-21s, which will replace the Frog-7 series deployed with the Syrian Army until now, have to be seen in the context of the supply to Syria by the Soviet Union of SAM-5 long-range, high-altitude ground-to-air missiles, modern front-line battle tanks and aircraft, electronic systems and communications capabilities. Most of these have never been deployed outside Warsaw Pact countries in the past.

What the Syrians and the Soviets have effectively done is increase significantly the radius of both defence and attack over that they had in the past, bringing the future battlefield closer to Israeli lines and further from Damascus. The SS-21s have twice the range of Frog-7s, and many

times the accuracy. This has important implications for the Israel Defence Forces, which has most of its strategic reserves deployed in emergency stores within the 120-kilometre radius the missiles can cover, and which will now be within targeting range in the opening stages of any future war. Technically the SS-21s will also be able to reach several of Israel's northern airfields, jeopardizing, at least in the initial stages of any future war, Israel's air superiority.

Though the SS-21s can be neutralized relatively easily by Israeli aircraft given the sophisticated air-to-ground ordnance known to be in service with the Israel Air Force, and probably by Israeli ground-to-ground rockets that include the American-made Lance, they pose a serious problem for military planners here.

Because they are potentially most dangerous in the opening stages of a war, it is logical to assume that the SS-21s would be taken out the minute Israeli decision-makers were convinced that war

was inevitable, thus almost dictating pre-emption. And conversely, because the Syrians and the Soviets know that the missiles could be among the prime targets to be attacked once escalation had spiralled to a point of no return, they would hasten to use them.

Syria's losses in the Lebanese war have not stymied its march toward attaining strategic parity with Israel, but have accelerated the process. The two additional divisions planned for the Syrian Army by the end of next year will, according to the experts, be operational in time, provided that the Syrian Army, with 37,000 men tied down in Lebanon, is not sidetracked into another round of conflict in the interim.

Not only will the Syrian Army complete its modernization programme and the rebuilding of its forces on schedule, but because of the war, in which Syrian weaknesses and strengths were pointed out, the net result will be a force not only larger, but more efficient as well.

The SAM-5 missiles and the SS-21 rockets, both of which are relatively advanced, will also mean a deepened Soviet commitment in Syria. (Continued on Page 2, Col. 1)

Jordan looks good again to embattled Arafat

Post Middle East Affairs Reporter and Agencies

PLO Chairman Yasser Arafat was quoted in two separate newspaper interviews yesterday as saying that he would like to renew his dialogue with Jordan.

He told the English-language Jordan Times that he would be visiting Jordan soon for talks on a common approach towards Middle East peace moves.

Speaking in the north Lebanese port of Tripoli, where most of the PLO forces still loyal to him have now gathered, Arafat said: "I have repeatedly announced my full and genuine desire to pursue a dialogue with Jordan."

He went on to note that "we should continue this dialogue and

overcome the misunderstanding which cropped up last April."

Jordan abandoned the dialogue with Arafat last April after the PLO leader failed to overcome the strong opposition of pro-Syria radicals in

the organization to his giving Jordan's King Hussein a mandate to negotiate the future of the West Bank under the terms of U.S. President Ronald Reagan's Middle East peace initiative.



PLO Chairman Yasser Arafat greets a follower yesterday in northern Lebanon, where he and forces loyal to him are surrounded by Syrian troops. (UPI telephoto)

EIGHT PAGES
FROM SUNDAY'S
The New York Times
THE WEEK IN REVIEW
INSIDE TODAY

TAX-FREE INTEREST ON FREE FOREIGN CURRENCY ACCOUNTS

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The weather at major Swissair destinations

	9.10.1983	MIN	MAX	
AMSTERDAM	10	14	19	Cloudy
BRUSSELS	10	12	14	Cloudy
BUEENOS AIRES	17	24	28	Rain
CHICAGO	10	14	17	Clear
COPENHAGEN	11	13	15	Cloudy
FRANKFURT	11	17	20	Cloudy
GENEVA	11	17	20	Cloudy
HONG KONG	27	31	35	Cloudy
JERUSALEM	11	17	20	Cloudy
LONDON	11	17	20	Cloudy
LYON	11	17	20	Cloudy
MADRID	11	17	20	Cloudy
MILAN	11	17	20	Cloudy
MUNICH	11	17	20	Cloudy
PARIS	11	17	20	Cloudy
ROME	11	17	20	Cloudy
SARAJEVO	11	17	20	Cloudy
STOCKHOLM	11	17	20	Cloudy
TORONTO	11	17	20	Cloudy
ZURICH	11	17	20	Cloudy

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THE WEATHER

Forecast: Hot and dry

	Yesterday's	Humidity	Min-Max	Today's
Jerusalem	10	15-30	30	30
Golan	10	20-32	30	30
Nahariya	10	15-30	30	30
Haifa	10	22-30	30	30
Tel Aviv	10	22-30	30	30
Be'er Sheva	10	22-30	30	30
Eilat	10	22-30	30	30

SOCIAL & PERSONAL

Ms. Clore Duffield presented a number of Sir Charles Clore post-doctoral fellowships yesterday at Weizmann House at a ceremony presided over by the president of the institute, Prof. Michael Sela.

A Weizmann Institute scroll of appreciation was presented to Dr. Alec Lerner, Chairman of the Harry and Abe Sherman Foundation, by the president of the Weizmann Institute, Prof. Michael Sela, in a ceremony yesterday at the Weizmann House in Rehovot. At the presentation ceremony, Prof. Sela pointed out that the Sherman Foundation has established the Sherman Chair of Physical Chemistry and the Harry and Abe Sherman Laboratory of Cryogenics at the Institute, as well as making possible the booster stage of the heavy ion accelerator.

Other distinguished guests who attended the reception given by World WIZO president Raya Jaglom for Lord and Lady Sieff, as reported in this column on Friday, included Yitzhak and Ofra Navon, the Canadian Ambassador and Mrs. F.G. Turner (as well as other members of the diplomatic corps led by their dorey Ambassador Lewis), MK Ora Namir, MK Amnon Rubinstein and Mrs. Rubinstein, Israel WJC Chairman and Mrs. Zalman Abramov, Mr. and Mrs. Ezer Weizman, Industrial Association President and Mrs. Eli Hurwitz, Mr. and Mrs. Israel Polak, Mr. and Mrs. Benno Gitter, Mr. and Mrs. Zalman Shoval, Tel Aviv Museum Director Marc Scheeps, and Mrs. and Mrs. Dan Tolkovsky.

In Memoriam

A memorial service for Oskar Schindler, the German industrialist who rescued hundreds of Jews from death in Nazi-occupied Poland, was held in the Roman Catholic cemetery on Mount Zion yesterday, October 9, on the ninth anniversary of his death.

ARRIVALS

Dr. and Mrs. Alfred Gottschalk, from Cincinnati, Ohio, for the Hebrew Union College hour of governors meeting and groundbreaking ceremony of the expanded campus of the Jerusalem school (October 18, 1983).
Richard Parks, president of Farrell Lines, New York, and his three assistants, yesterday, for business discussions.
Samuel and Leah Gottlieb, in Israel with D-Tours friends, to celebrate their 50th Israel trip, golden wedding anniversary, and to attend a dedication at the Ramot Shapira World Youth Centre.

SS-21s IN SYRIA

(Continued from Page One)

While unlike the SAM-5s, the SS-21s will not be manned exclusively by Soviet personnel, the rocket batteries will have Soviet advisers attached to them for several years to come. There are currently around 5,000 full-time Soviet advisers attached to the Syrian armed forces, and experts here predict that the number could rise by another 1,000 once the SS-21s arrive and are deployed.

Soviet advisors are to be found at almost every level of the Syrian military, from the upper echelons of the general staff down to small units in the field.

Senior members of the Israeli defence establishment were not particularly perturbed yesterday by the reports regarding the SS-21s, but said that they are becoming increasingly worried by the overall trend in Soviet-Syrian relations, whereby the Soviets seem determined to supply the Syrians with anything and everything they consider necessary to pose a real threat to Israel should another war break out.

HOME NEWS

Large-scale land reclamation along the Jordan

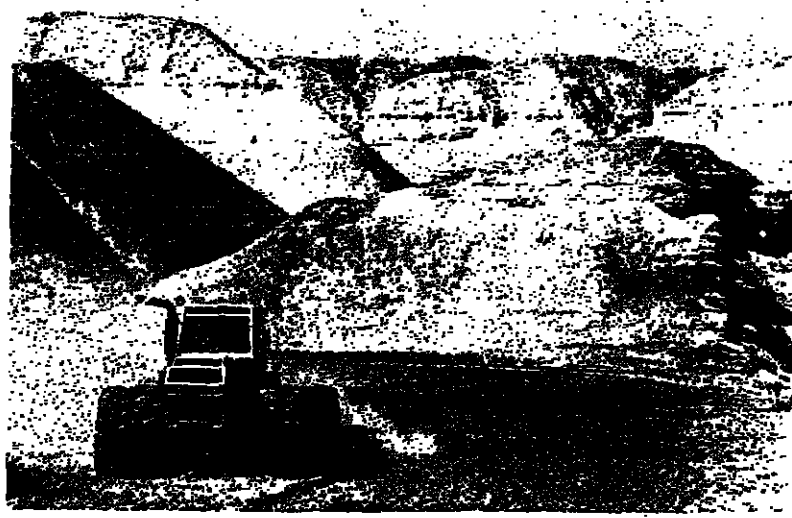
By ABRAHAM RABINOVICH
Jerusalem Post Reporter

JORDAN VALLEY. — Minesfields have given way to alfalfa fields and date plantations on some 12,000 dunams along the bank of the Jordan River in a land reclamation project with far-reaching geopolitical implications.

"This is our most important strategic line," said Prof. Ra'anan Weitz, chairman of the settlement division of the World Zionist Organization during a tour of the area. "I see intensive agriculture on both banks of the river in 10 years serving as a guarantor of peace."

Twenty thousand dunams along the river bank, hitherto a military area, have been designated for reclamation. In addition to the 12,000 dunams reclaimed during the past two years, 2,500 dunams are to be readied for agriculture this year.

The reclamation project, the largest since the draining of the Hula Swamp three decades ago, reflects the dramatically changed



A tractor works at the land reclamation project along the Jordan River. (Zoom 77)

security situation in the valley since the Jordanians expelled the PLO in September 1970. Prior to that, the valley saw constant skirmishes between infiltrating gangs and the Israel Defence Forces. Following "Black September," Jordanian farmers began to farm steadily

closer to the river.

The land along the river was covered in large part by dense brush, some two metres high. Most of this has been levelled, although patches have been left intact along the river edge at the request of the Nature Reserves Authority. The army is removing vast minesfields and reorganizing its defence line to accommodate the riverside agriculture.

Thousands of date palms imported from California will be a mainstay of the region's agriculture, because of their ability to thrive on water with high salinity such as is found there most of the year. These palms, which originated in Algeria, produce higher quality dates than those produced by the date palms of the upper Jordan Valley whose origin is Iraq and Iran — according to Yehuda Dekel, director-general of the settlement division. Alfalfa, wheat and corn are also being grown, and other crop possibilities are being explored.

McFarlane, Khaddam hold talks

BEIRUT (AP). — U.S. Mideast envoy Robert McFarlane met with Syria's foreign minister yesterday in an effort to strengthen the cease-fire in the Lebanese civil war.

McFarlane's meeting with Foreign Minister Abdul-Halim Khaddam in Damascus came one day after he briefed Lebanese President Amin Jumayel on efforts to create an international observation force to police the two-week-old cease-fire.

There had been reports in Damascus that McFarlane would also meet with Syrian President Hafez Assad, but he left for Beirut without seeing him.

In addition to seeking agreement on the composition of the force to oversee the cease-fire, McFarlane also has been discussing plans for Lebanon's national reconciliation conference. The conference, which has been delayed by debate over a meeting site, is to draw representatives of the Jumayel government and leaders of key political factions in Lebanon to discuss the distribution of power in the country.

Both the cease-fire observation force and the reconciliation conference were called for in the September 26 agreement ending three weeks of fighting by Syrian-backed Druse militias and their Shia Moslem allies against Christian Phalangist units and the Lebanese Army.

Many fear that the truce may collapse if there are further delays in getting a cease-fire observation force in place in Beirut's southern suburbs and in the nearby Shouf and Aley Mountains.

The latest diplomatic efforts came as two U.S. Marines were slightly wounded late Saturday night and yesterday morning in separate shooting incidents at the marine encampment near Beirut Airport.

Warrant Officer Charles Rowe said that "some random shots" continued to be fired through the day near the marine position at the Lebanese Scientific University east of the airport, where one of the marines earlier had been wounded. Several marine units remained on alert because of the firing, he added.

Shamir raps Egypt's stand

Jerusalem Post Reporter

Foreign Minister Yitzhak Shamir said yesterday that Egypt's latest refusal to return its ambassador to Tel Aviv until settlement in Judea and Samaria is halted proves that the original reason given in Cairo — the war in Lebanon — was only an excuse.

Shamir said Egypt is probably advancing the settlement argument to curry favour in the Arab world. "No government could agree to alter its policy just to get a foreign ambassador back," Shamir said.

Shamir made his remarks while reviewing the visit of Egyptian President Hosni Mubarak to the U.S. at the start of the weekly cabinet session.

PUBLIC

(Continued from Page One)

yesterday afternoon with some commercial bank heads, but insisted that the meetings were meant to study the legal aspects of the agreement, and not the threats of legal action by investors.

Hevrat Ovdim Secretary Danny Rosolio yesterday called on MK Avraham Shapira, chairman of the Bank of Israel advisory council, to call an emergency session of the council to discuss the crisis.

Rosolio, who heads the Histadrut holding company which includes such firms as Solel Boneh, Koor and Bank Hapoalim, charged that the government handled the share crisis in an "irresponsible manner." In Rosolio's view, the crisis was a result of the government's failure to adopt a proper economic programme.

But banking circles yesterday stressed the "essential soundness of the Israeli banks," despite the expected drop in share values. The circles blamed the rush to buy foreign currency for forcing the prices down.

One banker noted that in other countries, the shares would have plummeted further, whereas in this case the banks had applied to the government for aid, "thus saving almost all their customers' investments." He hoped that the clients would realize this.

The banker noted that savings schemes, shekel accounts, shares and even index-linked bonds were all sold before bank shares, when the dollar-buying escalated. Once a formula is worked out with the government, he maintained, bank shares will again be seen as a good investment. In the future, he noted, the shares could not fall below a certain price, but they could go up.

Histadrut Secretary-General Yehoram Meshel told the labour federation's central committee yesterday that many of the country's economic problems were caused by the "black economy." Israel's gross national product is some \$18 billion; but a further \$3-4b. are floating about untaxed. Meshel also pledged to defend the cost-of-living allowance.

The Ramat Gan Magistrates Court is to consider tomorrow an application by Attorney Zvi Har-Niv, asking that it require an immediate resumption of trading on the Stock Exchange. In his application, Har-Niv argues that, as a shareholder of Bank Hapoalim, Bank Hamizrahi and other banks, the closing of the exchange is harming his freedom to trade shares and thus maintain the value of his assets. He argues that the action amounts to a violation of a contract with the banks.

Labourites: restore trust in the banks

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. — Influential Labour Party members yesterday called for measures to protect savers from the bank share crisis — possibly by guaranteeing last Thursday's share values.

Speaking at a meeting of the party's economic committee, members accused the Treasury, the Bank of Israel — and even the banks themselves — for the present crisis. "No one — from the Treasury to (Bank of Israel Governor) Mandelbaum — is innocent," MK Adi Amora said.

"Mandelbaum and Finance Minister Yoram Aridor both saw the crisis coming, yet did nothing to stop it," he added.

Speakers accused the government of encouraging people to buy bank shares to protect themselves against inflation — and now failing to help the savers.

"This is robbery in broad daylight," Israel Kargman, the

former Chairman of the Knesset Finance Committee charged.

"Who will save now? Who will believe bank recommendations? When there is no trust in the banks, the economy is destroyed," he added. There can be no modern economy without trust in banks, he asserted.

Kargman and former MK David Golomb said that they believe Israelis will now try to smuggle money abroad.

Labour Party Chairman Shimon Peres said that the party regards the current economic crisis as a political and social upheaval of the greatest severity.

"Hundreds of thousands of families will pay the price of the Likud government's failed economic policy, which has created an economy of which one part is illegal and the other is illusory," Peres said.

Many speakers said the Labour Party should take advantage of the developments which hit the pockets

of a large segment of the population — and seek new elections.

Responding to this demand, committee chairman and former transport minister Gad Ya'acobi said Labour Party Chairman Shimon Peres had already told him he would make such a proposal at the Knesset today.

There was an argument, however, concerning Bank Hapoalim's share of responsibility for the crisis.

Haim Duvshani, a former assistant general manager of Bank Hapoalim, recalled that attempts to raise large sums of money had pushed Bank Hapoalim to sell shares. "There were some delusions of grandeur," he added.

But Ya'acobi said that when the Alignment was in power, bank shares were of only marginal importance.

"You can't compare the situation of six years ago with that prevailing today. In the past two years alone, the weight of bank shares in the capital market has increased by a factor of 2.5," he said.

BANK CRISIS

Minister Yosef Burg. After Burg said the new government would have to act energetically "to repair the damage done by the group of six MKs who held up its formation," Ben-Porat (one of the six), retorted that bank shares were firm while the negotiations for a national unity government lasted, but plummeted when the negotiations came to naught.

Science and Development Minister Yuval Ne'eman, Education Minister Zevulun Hammer and Defence Minister Moshe Arens, echoed the concern voiced by Corfu and Uzan for the small investor.

A well-informed cabinet source told journalists later that the ministers were well aware that holders of bank shares made a bigger profit in recent years than holders of foreign currency deposits or development bonds, and it was only natural for the expectation of greater profits to be balanced by a greater risk.

But the government took its decision on support, the source said, because bank shares had become an accepted mode of personal savings for a broad sector of the population.

If the collapse of the bank shares due to their weakness is not prevented, the source said, a loss of profits could turn into actual suffering, the government believes.

Hence it is willing to fix a "guaranteed floor value" for long-term holding of bank shares while allowing short-term holders to cope with the fluctuations of the free market. The source believed that the bank shares on the free market would "find their own level" and become attractive to purchase at roughly 70 per cent of their present value in light of the eventual linkage-plus-interest guarantee.

The source admitted that the ministers were concerned lest a free fall in bank share prices create a panic among the public with grave repercussions for the economy as a whole. Israel's banks have a solid reputation abroad that could be damaged by a rush, the source noted. Damage to the good name of the banks could harm the entire economy, so the government decided it was in the national interest to step in.

The source claimed that for some months, the Treasury was putting a brake on the banks by regulatory means to prevent them raising their stock prices even higher. Had the Treasury not done that, the situation today would have been far worse. He noted that banks began promoting their own shares as long ago as 1975 and manipulating the market to make sure the prices always went up.

A Justice Ministry spokesman said last night that it is too early to know what legislative form, if any, would be required for the arrangement with the banks. A cabinet source said it seemed no special legislation would be required except on minor details of the arrangement. But it is known that the Justice Ministry has already begun thinking in general terms as to what the government would say in the High Court of Justice if a plea were filed to challenge any administrative arrangements that might be made with the banks.

AIRLINE MEALS. — Spain's Iberia has contracted to buy food from Tamnam for its passengers flying out of Ben-Gurion Airport, the catering company reported yesterday. Thus, 70 per cent of the food supplied for airlines operating here will be supplied by Tamnam, which is owned by El Al and KLM.

Four largest banks may lose \$400 million on own holdings

TEL AVIV. — The country's four largest banking networks — Leumi, Hapoalim, Israel Discount Bank Holding (parent company of Discount), and Mizrahi stand to lose between \$150 million and \$200m. because of the new measures governing bank shares being worked out between the banks, the Treasury, and the Bank of Israel.

These pre-tax losses are about 10 per cent of Euroteam, a financial consulting firm headed by Dr. Manfred Gerstenfeld and Ilan Buzel.

These pre-tax losses are about 20 per cent of the banks capital of \$2.1b. Their reported capital is only \$1.1b. but it increases to \$2.1 billion when adjusted for inflation in accordance with advisory opinion 23 of the Chamber of Certified Public Accountants.

According to Euroteam, these four banks hold between \$1b. and \$1.2b.

Euroteam computed these figures from the internal set-off transactions in bank shares since the beginning of the year.

If the price of bank shares drops by 25 per cent, not all of this will show up in the books as a loss, since the banks purchased their shares at an average of 5 to 10 per cent under current market values. (They bought them since the beginning of the year when the price was lower.)

Against this background, Euroteam reaches an estimated real loss of between 150 million and \$200 million.

From the set-off figures officially published, it emerges that Mizrahi was the heaviest buyer of its own

shares, followed by IDB, then Leumi and Hapoalim.

Since the total stock value of these four groups comes to \$6.1 billion, and since they hold about one sixth of their own capital, about \$1 billion, another \$5 billion is in the hands of the public.

First International and FIBI are not included in these calculations since these two groups (FIBI is the parent body of First International) have not regulated the price of their shares, but let them float on the market.



Customers crowd the offices of one of the large building contractors putting up flats in Jerusalem's new Pisgat Ze'ev quarter north of French Hill. The two, three, four and five-room flats are priced from IS2.7m. to IS5m., VAT included. Some customers wanted to buy two flats. (Haran)

Builders have mixed feelings on bank share link to dollar

By AARON SITTNER
Jerusalem Post Reporter

Private builders expressed mixed feelings yesterday when they learned of the proposed formula for arresting the fall of bank share values by a delayed linkage to the dollar.

On the one hand, a sharp jolt in the equities market tends to steer public interest to more conservative investments such as new housing. On the other hand, contractors utilize cash flow and bank credit as everyday tools-of-the-trade, along with labour, building materials, and plots. Bank shares often loom large in contractors' short-term portfolios.

David Stern, president of the Federation of Builders and Contractors, said last night: "It is obvious now that the general public — the crowd — was wrong when it placed such heavy emphasis on bank shares as a secure investment. For years, we have been urging Israelis to invest at least a third of their savings in flats — for themselves, their children or their grandchildren."

"As for us builders, while we invest mainly in plots, we also keep a certain amount of our capital in bank shares, which we use as collateral for bank loans. Naturally, our lines of credit will be sharply reduced by any administrative arrangement reached for preserving bank shares values through unfavourable linkage to the dollar."

In telegrams yesterday to the Ministries of Finance and Housing, the federation demanded that for credit guarantee purposes, its members' bank shares should be valued according to the "normal" levels of a month ago.

Kiryat Arba man jailed for firing on Arab youth

A Kiryat Arba man was sentenced to a year in prison and a year's suspended sentence in Jerusalem District Court last week for having fired a gun at and wounding an Al-Bira youth in July of last year.

The man, Eliezer Itzkovitch, was then in charge of maintenance and of workers in the Al-Bira municipality, which was headed by a military government officer. In July 1982 there were disturbances in the city, and youths threw rocks at the municipality building. Itzkovitch ran after the youths, and at one point opened fire, wounding a youth in the back.

In his defence, Itzkovitch contended that he acted in self-defence after the youths continued to throw rocks at him and after he first fired three warning shots in the air.

The youths tried to surround him and throw stones the size of a fist, he told the court. "One of them made an obscene gesture and continued to throw stones. I fired three shots in the air and they continued to throw. I had no choice but to shoot one of them in the leg. I shot that boy. He bent over and caught it in the hip," Itzkovitch said in his defence.

Itzkovitch also said that the officer heading the municipality, Maurice Bar-Kochba, sent him and the municipality driver to catch the boys.

Judge Shalom Brenner rejected the self-defence plea and stated that he was convinced beyond any doubt that Itzkovitch fired on the boy before any rocks were thrown at him. The judge also ruled that Itzkovitch set out in pursuit of the boys on his own, and that there was

no evidence that he was ordered to do so.

In handing down sentence, the judge said that attention should be given not only to the serious nature of the offence as such, but also to the great damage such an action causes to the rule of law in the territories and to assessment of the state's ability to protect the safety of the population for which it is responsible, and to the propaganda possibilities it offers to enemies of the state who want to besmirch it.

Itzkovitch, a father of five, is an officer in the Kiryat Arba synagogue.

In another development, the High Court of Justice gave its reasons for confirming the decision of the Israel Defence Forces commander in Judea and Samaria to seal the homes of two youths from the Aida refugee camp near Bethlehem because they had thrown petrol bombs at Israeli buses and military vehicles travelling on the Jerusalem-Hebron road.

Leah Zemel, attorney for the applicant who sought a reversal of the commander's decision, argued that the IDF commander in Judea and Samaria had used his discretion in a vengeful manner and had abused his authority in ordering the sealing of the houses. The court rejected the petition in September.

The court ruled that given the circumstances of the case it saw no reason to interfere with the discretion and judgement of the military commander, whose obligation and right is to protect law and order in the area and to protect those who use public thoroughfares, Jews and Arabs alike. (Itim)

Lea Rabin fined for running a red light

TEL AVIV (Itim). — Lea Rabin, wife of former prime minister Yitzhak Rabin, was fined IS3,000 yesterday after being convicted of having ignored a red light at the corner of Yehuda Hamaccabi and Weizmann streets last August.

Rabin's counsel argued that she had erred because there are two sets of traffic lights at that corner. In another traffic case, Walid Abu Jazar, 21, of Khan Yunis, was sentenced to 10 months in jail, a fine of IS25,000.

FINAL MEETING

(Continued from Page One)

who is at an Interparliamentary Union conference in South Korea, MK Aharon Abukhatzeira (Tami) who is serving a three-month sentence for theft — and Begin.

The opposition is likely to be represented in full strength, except for MK Hamed Haddadi, who is with Melamed in Seoul. It comprises the Alignment, Shinui and the Democratic Front for Peace and Equality.

After they are voted into office, the ministers are expected to hold their first session to consider the agreement prepared with the banks. The bank shares issue is expected to dominate the scene for the time being, but in two or three months, pressures are expected over a new division of portfolios. The Liberals have made it known they want a deputy premiership and a major post. Presumably, a new foreign minister will have to be chosen to ease the burden on Shamir, and coalition sources said they expect pressures to find a job for minister-without-portfolio Ariel Sharon.

We extend our deepest condolences to
Ruthie Geva and her family
on the untimely death of her brother

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מקדמה לנחמה



Interior Minister Yosef Burg is helped with his jacket as he leaves the Sunday cabinet meeting. Also yesterday, Burg was urged to reduce state financing of political parties in their municipal election campaigns by 30 per cent and to transfer the money saved to hospitals in financial straits. The call was made in a telegram to the minister sent by Haifa municipal councilman Haim Jankolovitz, a candidate for re-election to the council on his Independent Liberal list. (Ruhamim Yisraeli)

Toussia: 'I have an idea' how to save the Ramot pool

By ROBERT ROSENBERG
Jerusalem Post Reporter

Likud mayoral candidate Shlomo Toussia-Cohen has come out in support of Ramot residents who plan to demonstrate today against the Agudat Yisrael demand to move a projected swimming pool from its current site in the Jerusalem suburb.

In a telegram to Housing Minister David Levy, Toussia-Cohen called for an urgent meeting to discuss ways to "satisfy" all the parties involved in the conflict.

Likud sources in Jerusalem's municipal campaign said that Toussia-Cohen, who has done poorly in all polls measuring voter interest in his campaign, has an "idea that would keep the pool in the planned site."

The demonstration, planned for outside the Knesset in the afternoon, was organized by the Ramot community council, which is the secular neighbourhood organization with the most experience in handling problems involving the ultra-Orthodox. Its leaders believe that if the municipality gives in to the Aguda demand, as relayed to it through the housing minister, it will be a signal to Jerusalem's *haredi* community that "in effect, Ramot is theirs for the taking."

Sources in the party said last night that the Likud campaign in Jerusalem would argue that "Mayor Teddy Kollek has no influence with the government, nor has he been successful in creating a dialogue between religious and secular city citizens."

But City Hall sources scoffed at the tactic, saying that Kollek has no intention of bowing to the coalition demand to move the pool.

Postal workers to snarl services today

Jerusalem Post Reporter

Postal services will be somewhat curtailed today if 5,000 postal workers carry out their threat to slow down work over wage demands.

The employees, who failed last week to reach agreement with Communications Ministry Director-General Eliahu Barak, say the first stage of the strike will affect express mail and facsimile service. In addition, they threaten to stop services to postal agencies and the delivery of mail by contractors.

The postal workers maintain that they deserve wage increases similar to those received recently by employees of the courts and the

Health Ministry. The court workers received a 152,000 increase, while the Health Ministry staffers got a 29 per cent raise in salaries and benefits.

The Communications Ministry spokesman said that the wage agreement is in force until April, and that no changes can be made until then. But the postal workers, pointing to salaries as low as IS10,000, say they should get increases if other civil servants get them.

The first job actions if applied today, are due to continue for a week. The employees threaten to expand them into an all-out postal strike if their demands are not met.

Katyusha wounds civilian in S. Lebanon

By MENAHEM HOROWITZ
Jerusalem Post Reporter

METULLA. — One Lebanese civilian was lightly wounded when a Katyusha rocket fell in an open field some 12 kilometres south of Sidon early this morning. Military sources said that there had been similar attempts in the past to hit Israel Defence Forces bases from Lebanese territory. The IDF combed the area for the attackers.

Meanwhile, a delegation of Druse notables from the Shouf Mountains, who passed through Metulla on their way to a visit in Israel, told journalists there that Druse leader Walid Jumblatt has proclaimed compulsory mobilization for all Druse males between 15 and 40. They said that he had also ordered Druse employees of the Lebanese Electric Company to start repairs on electricity cables to the Shouf Druse villages, which were damaged in the recent fighting.

Knesset unit shocked by Haifa pollution

Jerusalem Post Reporter

HAIFA. — The Knesset Interior and Environment committee will press for tough action against industries in the Haifa Bay area which continue to flout anti-pollution laws. Committee chairman Shoshana Arbeli-Almozilno said yesterday.

Almozilno and three other committee members made a fact-finding tour of the city's pollution trouble spots yesterday and were shocked by the extent of the problem. They

were particularly perturbed by the "terrible state" of the Kishon River, which is used as an outlet for untreated sewage and chemical wastes from factories in the bayside area.

The committee has given management of several factories until December to submit clean-up plans, and ordered them to direct their waste to the municipal sewage system.

If the firms fail to comply the committee will press for their closure, said Almozilno.

Sheba Hospital said to be nearing breakdown

By MARGERY GREENFELD
Jerusalem Post Reporter

Sheba Hospital at Tel Hashomer, the country's largest medical facility, is running short of supplies and equipment and is suffering from a severe manpower shortage. This, combined with an occupancy rate as high as 140 per cent in some departments, could bring Sheba to its knees within a month, hospital director Prof. Mordechai Shani said yesterday.

The Health Ministry's head of hospital services, Dr. Moshe Mashiah, confirmed yesterday that the situation at Sheba is "difficult." "But Sheba is certainly in no worse shape than any of the other government hospitals. All of our hospitals — general, psychiatric and geriatric — are running on a day-to-day basis. Without adequate budgets and a fixed schedule of transfers, every hospital director has to wonder where the money for next week's outlays is going to come from," he said.

The Health Ministry and the Treasury have

been holding intensive discussions on the financial plight of the hospital system for almost two weeks, but so far no solution has been agreed on.

"We are waiting for the Treasury's answer this week to our requests for additional budgets for the hospitals," Mashiah said.

Part of the problem can be attributed to the gap between the real rate of inflation and the much lower rate that is built into the government's budget. "We must purchase vital services and supplies to keep the hospitals running and these reflect the true inflation rate. We can't make up for the gap by simply decreasing non-essential expenses, like some other ministries can," Mashiah said.

All of the hospitals in the country are covered for the next several days, including Sheba. After that, we'll see," he said.

An update from Barzilai Hospital in Ashdod, which last week was the first government hospital to publicize its financial plight, revealed that the hospital managed to buy enough fuel last week to last for "several more days."

A senior hospital official said that the IS6 million received last week from the Health Ministry was "a drop in the bucket" that barely enabled the hospital to pay part of its debt to Tnuva and to buy 10 days worth of fuel.

"Who knows when money is coming next, or how much will come? Who knows how long Tnuva will be willing to deliver food to the hospital?" he asked. Tnuva resumed its deliveries of meat, fresh produce and dairy products to Barzilai late last week, after a four-day stoppage.

The official also noted that critical medications are running short and that the hospital's chief pharmacist cannot place an order for the coming three months because of lack of money.

"The ministry instructed us to use medications from our emergency stores, if we run out. But those storerooms are intended for only the most urgent emergencies, such as wars, disasters or times when supplies are totally cut off. To use them now is ridiculous, but we have no choice," he said.

'Union incited opposition to school reform'

By SUSAN BELLOS
Post Education Reporter

The school reform crisis which blew up last month in Rishon LeZion was engineered by the Histadrut Teachers' Union, a senior Education Ministry official charged yesterday. The union wanted to use it as a test case to frustrate the long-term establishment of junior high schools in Israel, he added.

The official, who is involved in implementing the junior high plan, pointed out that new schools opened very quietly this year in Petah Tikva, Hod Hasharon, Nahariya, Gilo (Jerusalem), Ma'aleh Efraim, Beersheba, Ashdod and Deir Hanna.

Most of these schools are in areas with mixed socio-economic and ethnic groups, and trouble might have been expected there too. But no crises occurred at these schools, the official said, because nobody stirred them up.

Rishon LeZion was chosen because it has a particularly militant branch of the Teachers' Union, he said. It was the only place in the country this year where parents raised public objections to the school reform.

Meanwhile, the committee appointed by Education Minister Ze'evulun Hammer to oversee implementation of the reform in Rishon held its first meeting there on Friday. The 10-member committee includes representatives of the municipality, the ministry, the parents, and the Teachers' Union, and is headed by Prof. Micha Chen, of Tel Aviv University.

The committee, which has no executive powers, was set up partly to mollify parents and teachers in Rishon who still oppose the reform. The aim of the committee, according to the ministry's director-general Eliezer Shmueli, is "to make sure that the reform's targets are implemented, and to iron out any further problems which may occur this year."

Shmueli told *The Jerusalem Post* that the ministry wants to set up similar committees in preparation for 1984's batch of junior highs. But all planning has been frozen due to the coming municipal elections. Shmueli said that opponents of integration often take advantage of local municipal coalition politics to fight the implementation of the reform.

Jerusalem Mayor Teddy Kollek sent Hammer a telegram on Friday congratulating him on his firm stand on the reform and asking for his help in opening more junior highs in the city next September.

Lea Levavi adds: Commenting on the statement by the anonymous official, union secretary-general Amnon Abramson said that the Histadrut Teachers' Union decided a year ago to oppose the school reform in its present form, and that when the Rishon branch requested the nation union's support, it was forthcoming.

Asked why the fight had been waged only in Rishon, Abramson would say only that the union responds to the wishes of local branches, particularly when those wishes conform to official union policy. He denied that the Rishon branch was "militant."

He said the most significant result of the fight in Rishon was that in all future implementation of the reform, nothing will be done without a similar committee, which will decide how the reform can best be implemented to meet the needs of the local community.

Tel Aviv is first in Israeli hearts

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — Tel Aviv is the most popular city in Israel to live in, according to a national survey by Dr. Mina Zemel. Given the choice, most Israelis would prefer to live in Tel Aviv, with Jerusalem second and Haifa third.

The survey indicates that 22 per cent of Israel's citizens, including Tel Aviv citizens, who want to move, want to live in Tel Aviv, 17 per cent want to live in Jerusalem, and 8 per cent in Haifa.

Among Israeli citizens who want to move, excluding Tel Aviv residents, 23 per cent prefer Tel Aviv, 18 per cent Jerusalem, 8.5 per cent Haifa.

Among persons who do not own their own homes, 25 per cent prefer Tel Aviv, 16.4 per cent Jerusalem, and 8 per cent Haifa.

The survey, which was commissioned by the Tel Aviv municipality, was based on interviews with a sample of 1,187 persons representing Israel's adult population.

Mayor Shlomo Lahat said the survey's findings prove that the quality of life in Tel Aviv has improved.

Big brush fire rages in Galilee

By MENAHEM HOROWITZ
Jerusalem Post Reporter

KIRYAT SHMONA. — A field fire was still raging last night across some 10 kilometres of western and central Galilee between the moshavim of Elkosh and Tzuriel, east and west of Ma'alot.

Planes, helicopters and fire engines, assisted by hundreds of volunteers, were still trying to put the fire out at nightfall. Damage to crops and fruit trees was estimated at millions of shekels. Land belonging to the two moshavim and Jewish National Fund land reportedly bore the brunt of the damage.

Another fire extinguished late Friday night in Upper Galilee caused an estimated IS20 million of damage to fruit trees of She'ar Yashuv, Dan, Dafna, Hagashim and several other settlements. The fire also spread to the cemetery at Dafna.

New academic year opens at Bar-Ilan

Jerusalem Post Reporter

TEL AVIV. — Over 11,500 students began the new academic year at Bar-Ilan University yesterday slightly more than last year's enrollment.

A university spokesman said 33 per cent of Bar-Ilan students are of Middle Eastern or North African origin, 47 per cent are married, and 58 per cent are female.

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EUROCARD WHAT ELSE.

Iraq says new planes will end war

WASHINGTON. — Iraq has told the U.S. that it intends using its newly-acquired French Super Etendard warplanes to bring a quick end to its war with Iran. *The Washington Post* said yesterday.

The *Post* said the message from Baghdad was worrying the Reagan Administration because of the possibility that Iran might retaliate by closing the gulf to western oil tankers.

The newspaper said the Iraqis have apparently taken the decision because they know that time is not on their side in the war with the more populous Iran.

In Kuwait, Iraqi Foreign Minister Tariq Aziz was quoted yesterday as warning that his country would "soon block Iranian crude oil exports" through Persian Gulf sea lanes if Iraq's exports continue to be denied access to the same waterway.

"The Iranian military aggression has for three years deprived Iraq of its natural right to use its seaports," Aziz said in an interview with a Kuwait newspaper, conducted in New York. "Iraq has not been able to export its oil through the Gulf routes."

"Iraq has the means, and it will have stronger means in the near

future, to act in such a way that Iran would not be the only Gulf power benefitting from this situation," Aziz warned. He was alluding to Iraq's recent purchase of French-made Super-Étendard warplanes armed with Exocet missiles.

He reiterated Iraqi President Saddam Hussein's recent offer to end the war and establish a regime in which all countries of the region — including Iraq and Iran — could export their oil freely through the Strait of Hormuz.

Iraq, in its first comment on the Franco-Iraqi arms deal, yesterday warned that delivery of the French warplanes to Iraq would plunge the Persian Gulf into "a quagmire for

western imperialist objectives." Iranian leader Ayatollah Ruhollah Khomeini has warned that Iran would block the Hormuz Strait and stop the flow of oil from the Gulf if Iraq uses the jets against Iranian oil installations.

In Paris, informed sources yesterday reported Sunday that the Super-Étendards have arrived in Iraq, but French Foreign Minister Claude Cheysson refused to comment on the report.

The French radio station RTL, quoting its correspondent in Italy, said in an earlier report that the planes had landed aboard the French aircraft carrier *Foch* somewhere between Naples and Beirut for refuelling.

Theft forces new U.S. exam for 18,000 MDs

PHILADELPHIA (Reuters). — Nearly 18,000 graduates of foreign medical schools who were tested for further training in the U.S. this year will have to take a new test because someone stole and sold copies of the exam — and made millions — the chief testing officer said on Saturday.

Medical authorities and the Federal Bureau of Investigation (FBI) are investigating the "exam-

scam" which some medical officials said was the biggest such cheating scandal in memory.

Dr. Raymond Casterline, vice-president in charge of operations at the Philadelphia-based Education Commission for Foreign Medical Graduates, said yesterday the commission had evidence that at least 4,000 medical graduates or physicians licensed abroad had had access to copies of the test.

Kissinger panel departs on Central America study

WASHINGTON (AP). — Henry Kissinger and his bipartisan National Commission on Central America were leaving last night on a week-long trip to the region, in quest of new ideas on how the U.S. should handle one of its most troublesome foreign policy areas.

The commission's goal is to gather facts, not negotiate. It is scheduled to meet with leaders of the government, the democratic opposition, the church, academia, labour groups and peasant organizations. No meetings are planned with guerrilla leaders of either the left or the right.

"I think what we will get out of the trip is a flavour of the country, a judgment of the personalities, an opportunity to ask questions that have been bothering us," Kissinger said when summing up the panel's goals.

From today through next Saturday, the commission will start early each day and work until after dark

with few interruptions in its visits to Panama, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua.

The commission was formed last summer to help President Ronald Reagan formulate a long-term, unified national approach to the political and economic problems of Central America.

Kissinger had planned to submit a final report to Reagan in February, but the deadline has since been moved up to January 10. He said the panel wants to avoid any suggestion that its deliberations are being influenced by the presidential primary campaign, expected to be in full swing by late January.

The commission is an ideologically diverse group. Members include former Texas governor William Clements on the conservative side and San Antonio Mayor Henry Cisneros, offering a more liberal viewpoint.

Far right groups penetrate Tory party, says weekly

LONDON (AP). — Britain's ruling Conservative Party has been infiltrated by "extreme right-wing organizations," according to its own investigators, *The Sunday Observer* reported.

The weekly said it obtained a draft copy of a secret report which "documents dozens of cases of infiltration" and "claims there is clear evidence of links between some party members and extreme elements of fringe nationalist and fascist organizations."

The Observer said the draft warned that if no action is taken, the party would come to harbour "fanatical racists, backed up by professional organizational support."

Michael Spicer, the party's deputy chairman, told *The Observer*: "There is nothing I can say until the final report is produced."

The newspaper said the Tories' internal inquiry predicted that the Conservatives could become fragmented by factional feuding, as happened in the opposition Labour Party, contributing to Labour's defeat at the general election last June.

The Tory report attributed the increase of the extreme right in Tory ranks to the popular decline of the anti-immigration National Front and other extreme rightist groups, who then turned to Conservative Party "as the best road to power and influence."

Pravda' anti-Reagan blast calls his policy 'banditry'

MOSCOW (Reuters). — U.S. President Ronald Reagan's foreign policy was branded as open banditry by the Soviet Communist Party daily *Pravda* yesterday in a fierce new Soviet attack on the U.S. leader.

In a commentary accusing Reagan of hypocrisy, *Pravda* said that while the president said the U.S. wants peace and global justice, he in fact relies on the use of threats and military force on a worldwide scale.

"The mailed fist has become the main tool of U.S. foreign policy, its main argument in conducting international affairs," *Pravda* said. "The 100 per cent militarization of the U.S., an unprecedented arms

race and open banditry extended to all continents are the essence of Reagan's policy," it added.

The article was signed by Alexei Petrov, a pen-name used in commentaries that represent high-level Kremlin thinking.

It was the latest in a series of harshly worded attacks on Reagan following sharp deterioration in U.S.-Soviet relations after Soviet fighters shot down a South Korean passenger airliner last month.

The deeply hostile tone towards Reagan was set by Soviet President Yuri Andropov last month when he accused the U.S. leader of hypocrisy over the disarmament question and said his present course could lead to war.

UK 'sex scandal' minister under pressure to resign

LONDON (AP). — Sarah Keays, who is expecting Trade Minister Cecil Parkinson's baby in January, pleaded on Saturday to be allowed to live "a normal life" as support grew among leading members of Prime Minister Margaret Thatcher's Conservative Party for Parkinson's resignation.

Parkinson, 52, the former Conservative chairman who masterminded Thatcher's re-election victory last June, admitted on Wednesday to a 10-year affair with 36-year-old Keays, his former secretary. He said he had promised to marry her but changed his mind and had returned to his wife and three daughters.

Keays, wearing a red and white maternity dress, refused to talk to reporters, but her attorney said her only interest was "to remain well and calm for the sake of the baby."

Parkinson made his first public appearance since the disclosure at a dinner Friday night. He was accompanied by his wife. Neither spoke of the scandal.

Thatcher's office said in a statement on Wednesday night that the prime minister considered the romance a "private affair" that did not require him to quit. But Parkinson's political future remained in doubt amid mounting pressure by party officials for his resignation.

A cross-section of Conservative members of Parliament polled by *The Sunday Times* demanded Parkinson's resignation and said they plan to make their views known at the party's annual conference starting tomorrow in Blackpool.

One senior MP was quoted as noting that Parkinson admitted promising to marry the woman, and then changing his mind. "I can't see how he can possibly hold his head up. How can we give a standing ovation to an admitted adulterer?" the MP added.

Parkinson is scheduled to deliver a major speech on free enterprise to the conference on Thursday.

Killings force UNESCO from Salvador

SAN SALVADOR (Reuters). — A UN body is withdrawing from a key El Salvador government programme following rightist death squad murders and fierce criticism of its campaign to teach peasants to read and write, government officials say.

The UN Education, Scientific and Cultural organization decided to pull out its adviser to a literacy campaign, set up three years ago,

following the killing of three teachers, Education Ministry officials said.

The campaign is seen by the Salvadorean government as a cornerstone of its social reform programme, but right-wingers oppose the campaign, claiming it politicizes the country's peasants. One in four people in El Salvador are estimated to be illiterate.

Turkish dailies retreat on Soviet's 'defection'

ANKARA (AP). — Two Istanbul daily newspapers yesterday retracted their stories that a Soviet general had defected, saying the reports could not be confirmed by officials.

The dailies, *Hurriyet* and *Gunaydin*, reported on Saturday that a Soviet general, dressed in his uniform, walked across the Turkish border and asked for political asylum in the West.

The reports did not cite any sources.

Later, informed sources who requested anonymity said the general had flown to the U.S. They said the incident took place several weeks ago but could provide no details such as the man's identity.

There was no official comment on the case from Turkish, American or Soviet officials.

Procreate 'responsibly,' pope tells 38 couple

VATICAN CITY (AP). — Pope John Paul II celebrated a wedding for 38 couples from nine nations in the splendour of St. Peter's Basilica yesterday, telling them to procreate "responsibly."

knelt before the white-and-gold-clad pontiff and exchanged their vows.

It was the largest mass wedding performed by a pontiff of the Roman Catholic Church. Pope Paul VI officiated at a similar ceremony in 1975, marrying 13 couples.

Sports



Graham Taylor, the Watford coach, teaches Shoeshoe the camel the Watford way. Watford play Israel's Olympic soccer squad tomorrow. (Gavriely)

Phillies outstrip Dodgers

PHILADELPHIA (AP). — Outfielder Gary Matthews hit a three-run homer in the first inning on Saturday night to help to send the Philadelphia Phillies to a 7-2 victory over Los Angeles and into baseball's World Series against the Baltimore Orioles.

Philadelphia, celebrating its centennial season of professional baseball with its fourth National League pennant, will open the series on Tuesday in Baltimore against the American League champion Orioles.

Matthews was selected most valuable player in the four-game National League play-offs for his three homers, five straight hits and eight runs batted in.

The Phillies, National League East champions, won their third game in the best-of-five series before a fired-up home crowd of 64,494 fans. The West champions, the Dodgers, could manage only one playoff victory.

The Orioles defeated the Chicago White Sox 3-0 earlier on Saturday in a 10-inning game, to become champions of the American League.

It is Baltimore's sixth American League pennant since 1929, when the Orioles won their first World Series. They won another in 1970.

The Londoners of the Orioles hit a one-out home in the 10th inning to give Baltimore the margin of victory. The Orioles added two more runs and held the White Sox scoreless in their final turn at bat.

In the four games of the series, the White Sox, who led the league by scoring 300 runs during the regular season, scored only three times.

Tennis grand prix opens

By JACK LEON
Post Sports Reporter

RAMAT HASHARON. — Top-seeded Henrik Sundstrom of Sweden has a tough first-round singles match against American wonder boy Aaron Krickstein in the Israel Tennis Centre's \$90,000 Volvo grand prix tournament, which gets under way at 11 a.m. today at the ITC courts here. Local champion Shlomo Glickstein, the No. 2 seed, has been favoured by an easier draw, starting off against little-known Rand Evett, also of the U.S.

While neither Sundstrom nor Glickstein will be in action until tomorrow, 1980 champion Harold Solomon of America has a match at 3 p.m. today against South African Eddie Edwards. Two former ITC Grand Prix runners-up also play this afternoon, with perennial visitor

Peter Feigl from Austria facing Israel's junior champion Amos Mansdorf and the Swede Per Hjertquist up against Bernie Mitton of South Africa. The meet continues through Saturday, with free admission today and tomorrow.

Sundstrom, 19, and 16-year-old Krickstein had a friendly match here yesterday prior to the draw. After learning that he would be facing the highly-rated Sundstrom — already winner of three grand prix singles titles this year — in first-round competition, Krickstein said wryly: "It is going to be hard, but at least all the pressure will be on Sundstrom. If I can play well as I did when I beat Vitas Gerulaitis at U.S. Open, I guess I have a chance against him."

Israel's No. 2 Shlomo Glickstein opens tomorrow against Jiri Granat, of Switzerland, while local qualifier Ben Sherr will be first on court at 11 a.m. today against American Ricky Meece. Tournament referee is Norman Kari, of the U.S., while the official umpires are Israeli Aharon Sapir and Herbert Graderer. The players' representative is Carol Harvey of the ATP office in Paris.

Draw likely

NAGPUR (AP). — India were 99 for one in the second innings at close of play on the fourth day Sunday as the third and final cricket test in the current series against Pakistan appeared headed for a draw. Pakistan were all out for 322.

Norman beats Faldo

VIRGINIA WATER, England (AP). — Greg Norman of Australia defeated British Nick Faldo 3 and 2 over 36 holes yesterday to win the \$225,000 Second World Match Play golf title for the second time. The blond Australian previously won in 1980.

UK study: moderate drinking can help prevent gallstones

LONDON (AP). — Drinking the equivalent of a half bottle of wine each day might help prevent gallstones, but heavy drinking could have the opposite effect, British researchers said on Saturday.

Writing in *The Lancet*, the authoritative British medical journal, doctors at Bristol (England) Royal Infirmary said moderate drinking lowers bile cholesterol saturation, the main cause of gallstones.

"The finding that alcohol lowers bile saturation suggests that regular, moderate drinkers have less of a risk of gallstone formation," the

research team reported. But, they said, alcohol in large amounts might actually increase the risk of both gallstones and heart disease.

Previous research, based mostly on population studies in the U.S., has shown a possible link between moderate alcohol intake and a reduced risk of heart disease.

The Bristol research supports those findings and provides the first experimental evidence of a similar link between alcohol and gallstones, said Dr. John Thornton, a gastroenterologist who led the research by the three-member team.

UK carrier for games with Egypt

LONDON (AP). — The British aircraft carrier HMS Hermes, carrying 1,000 Royal Marine commandos, will make a three-day informal visit to Egypt this month for "low-level training," the British Defence Ministry said yesterday.

probably be allowed on board the Hermes "to have a look around." But he said, "this is not what we call military maneuvers; it's a low-level training exercise."

Actress Joan Hackett

LOS ANGELES (AP). — Actress Joan Hackett, who won an Oscar nomination for her role in the comedy movie *Only When I Laugh*, has died of cancer, a family friend said yesterday. She was 49.

The actress received a 1982 Academy Award nomination and a Golden Globe award for her role as an age-obsessed socialite in an adaptation of a Neil Simon comedy.

THE INSIDE TRACK
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Arms and The Man

With Soviet, President Goes Up and Down And Sideways

By LESLIE H. GELE

PRESIDENT Reagan's policy toward the Soviet Union is becoming highly pragmatic, seriously confused or heavily political, depending on who is doing the explaining.

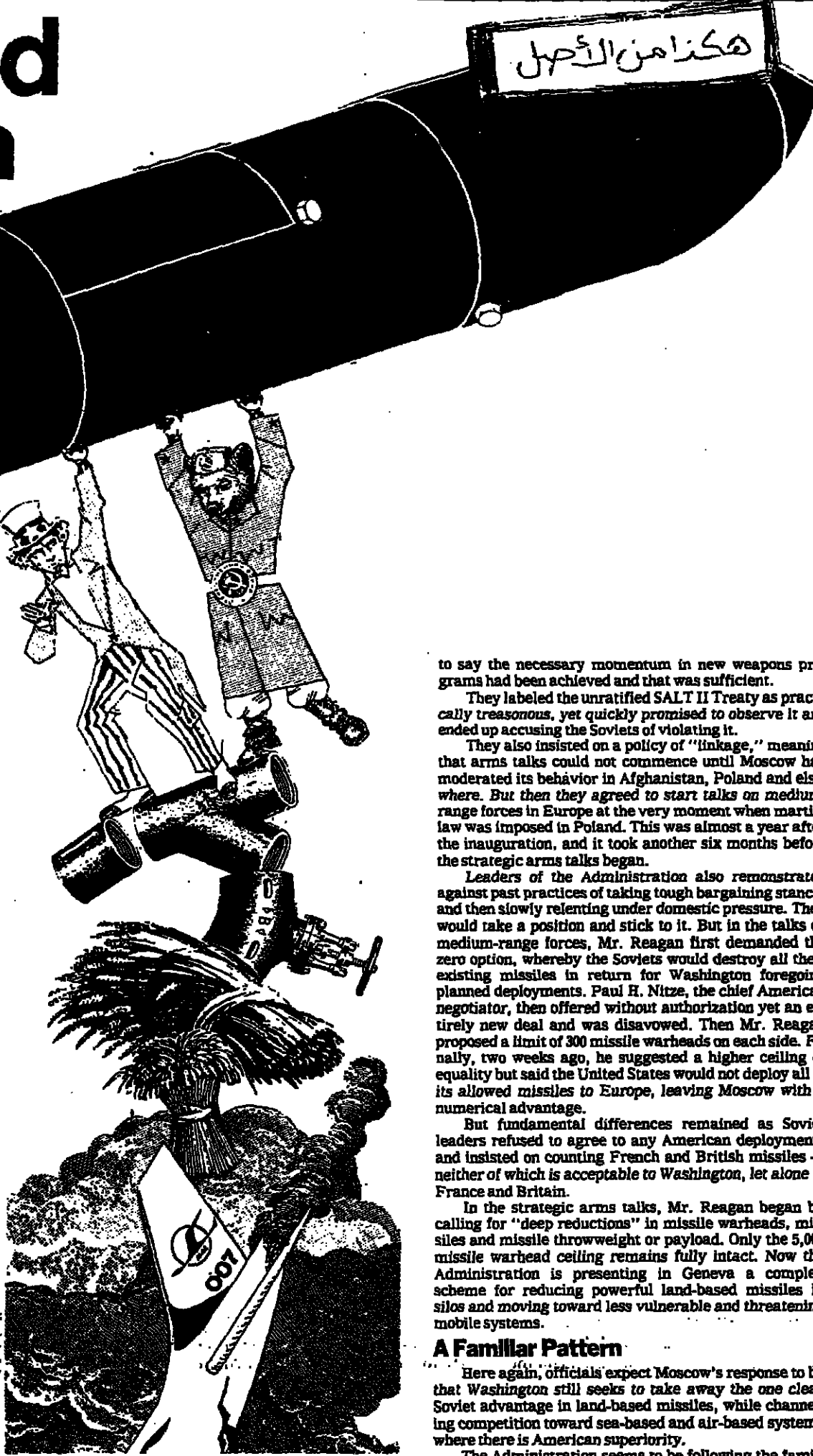
Over the last three months, he has condemned Moscow for masterminding revolution in Central America, using the Syrians to create turmoil in Lebanon, and barbarously shooting down the Korean passenger airliner. In the same period, Mr. Reagan has approved a big new grain agreement (in which he pledged not to embargo grain for foreign policy reasons), and overruled subordinates who wanted to deny Moscow new oil and gas drilling equipment. And last week, the President ordered new compromises to be made to Moscow in the strategic arms reductions talks, even though Moscow's negotiating position has been essentially unchanged.

The Soviet Union is at once "the evil empire" to be shunned and confronted mainly with military might, and so important as to be the beneficiary of virtually unilateral American concessions.

Some Administration officials describe this kind of compartmentalization as proof of a new realism. Perhaps if the condemnations were less absolute and the concessions less significant, his actions would suggest just such a new balance and sophistication. But to many Administration officials, conservatives and pragmatists alike, as well as some outside experts, the extreme of both sets of actions points toward other explanations — toward a mixture of disorder and expediency.

Administration officials acknowledge that neither Mr. Reagan nor any of his senior advisers has much expert knowledge of the Soviet Union or arms control. It is also no secret here that White House political advisers feel that foreign policy could hurt Mr. Reagan in the Presidential campaign, and that arms treaties with Moscow would soften his hawkish image.

Officials are also well aware that Congressional sup-



port for increasing military spending would lessen, particularly on such a controversial item as the MX missile, if there were no visible efforts at achieving arms control. It is also true that the White House feels that simultaneous bipartisan backing for more arms and arms control is the best way to bargain with Moscow.

Mr. Reagan's way of getting this backing, by all accounts, was simply to tell his reluctant aides last week essentially to accept the new strategic arms ideas of a few key legislators and members of his Commission on

Strategic Forces. The result was a grafting of the Administration's initial tough approach onto a quite different and more conciliatory one. If the Russians agree — and it didn't look that way, at least initially — the old one will be negotiated in formal meetings and the new one in a "working group." This division of labor was advanced by proponents of the new ideas as a way of getting around Edward L. Rowley, the official chief negotiator, who is widely seen as an obstacle to compromise. During the debates that preceded their unveiling, Mr. Rowley and Kenneth L. Adelman, the director of the Arms Control and Disarmament Agency, were believed to be the strongest opponents of the new proposals in the Administration.

The history of the Administration's arms control policies has become a kind of metaphor for this mixture of pragmatism, politics and confusion.

The Administration brought people to power who never tried to hide their conviction that Soviet leaders lie, cheat and seek world domination. These officials feel that their time in office has only confirmed their worst fears. But in almost all other respects, their deeds have not fit their early words.

At first, they maintained that the Soviet Union had strategic superiority, and that Washington could not negotiate until new weapons were deployed and a balance achieved. Past arms control efforts, they argued, had not reduced arms but merely served to lull the American people into a false sense of security and made them unwilling to bear the high and necessary costs of defense. Then several months ago and before any new weapons had been deployed or the presumed imbalance righted, these officials began

to say the necessary momentum in new weapons programs had been achieved and that was sufficient.

They labeled the unratified SALT II Treaty as practically treasonous, yet quickly promised to observe it and ended up accusing the Soviets of violating it.

They also insisted on a policy of "linkage," meaning that arms talks could not commence until Moscow had moderated its behavior in Afghanistan, Poland and elsewhere. But then they agreed to start talks on medium-range forces in Europe at the very moment when martial law was imposed in Poland. This was almost a year after the inauguration, and it took another six months before the strategic arms talks began.

Leaders of the Administration also remonstrated against past practices of talking tough bargaining stances and then slowly relenting under domestic pressure. They would take a position and stick to it. But in the talks on medium-range forces, Mr. Reagan first demanded the zero option, whereby the Soviets would destroy all their existing missiles in return for Washington foregoing planned deployments. Paul H. Nitze, the chief American negotiator, then offered without authorization yet an entirely new deal and was disavowed. Then Mr. Reagan proposed a limit of 300 missile warheads on each side. Finally, two weeks ago, he suggested a higher ceiling of equality but said the United States would not deploy all of its allowed missiles to Europe, leaving Moscow with a numerical advantage.

But fundamental differences remained as Soviet leaders refused to agree to any American deployments and insisted on counting French and British missiles — neither of which is acceptable to Washington, let alone to France and Britain.

In the strategic arms talks, Mr. Reagan began by calling for "deep reductions" in missile warheads, missiles and missile throwweight or payload. Only the 5,000 missile warhead ceiling remains fully intact. Now the Administration is presenting in Geneva a complex scheme for reducing powerful land-based missiles in silos and moving toward less vulnerable and threatening mobile systems.

A Familiar Pattern

Here again, officials expect Moscow's response to be that Washington still seeks to take away the one clear Soviet advantage in land-based missiles, while channeling competition toward sea-based and air-based systems where there is American superiority.

The Administration seems to be following the familiar pattern of past Soviet-American arms negotiations: Ambitious initial American proposals for "real arms control," then pressures from allies and Congress to compromise, then American backpedaling over several years, and finally either a modest agreement or nothing.

The fact is Soviet and American nuclear forces are asymmetrical, meeting different strategic and political needs, and neither side is prepared to give up its advantages. To make matters worse, there is no mutual trust. These are not the best ingredients for making big compromises and far-reaching treaties.

In Administration deliberations concluded last week, State Department experts proposed an intermediate step, an expanded version of the unratified SALT II Treaty, an idea that many officials felt could be made to mesh with the current Soviet position. Officials said that Mr. Reagan did not reject it out of hand, and that it could be a fallback.

American concessions come at a time when Soviet leaders seem to have concluded that they cannot deal with the Reagan Administration. Increasingly, the State Department view resembles the thinking of most outside experts, namely the chances for a breakthrough are not good until overall Soviet-American relations improve. A positive atmosphere is needed for the kind of difficult arm compromises that would have to be made, but the prospects for a breakthrough of those dimensions seem dimmest of all.

Israel clings to an abandoned policy in Lebanon

In farm debt crisis, the land itself becomes a liability



Arms negotiator Edward L. Rowley in Geneva last week.

Building Down the Missile Race

AMID the anti-Soviet rhetoric, the Reagan Administration continued last week to make conciliatory gestures apparently designed to draw Moscow into serious arms negotiating and, in the process, appease American and foreign opponents of the Administration's military programs.

After offering seemingly less onerous terms for an agreement on intermediate-range missiles in Europe, the United States sent strategic arms negotiator Edward L. Rowley back to Geneva last week with an updated version of a proposal that originated principally among Congressional critics. This would "build down" both superpowers' atomic arsenals by deploying new warheads while destroying old ones in larger numbers. Adopted after much debate within the Administration, the latest plan would give both sides an incentive to deploy less vulnerable and less threatening mobile systems. More old warheads would be destroyed if a nation deployed fixed, land-based systems than if it deployed sea-based or mobile land missiles.

A further effort to overcome Soviet objections was contained in a proposal to reduce the number of bombers, in which the United States has a superiority.

"Nothing but words," said Tass, the official Soviet press agency, reflecting Moscow's present sour attitude toward Washington. It was hoped this was not a final rejection.

Congress also seemed wary of the Administration, particularly in view of the hostility to the build-down plan shown by Mr. Rowley himself as well as by Kenneth L. Adelman, the direc-

tor of the Arms Control and Disarmament Agency. Critics and outside experts who helped fashion the plan succeeded in placing one of their own, R. James Woolsey, on the negotiating team "to watch things." Mr. Woolsey, an Under Secretary of the Navy in the Carter Administration and a member of Mr. Reagan's Commission on Strategic Forces, was also expected to join a special working group that would hold parallel discussions with the Russians.

Giving the Go-Ahead

Reagan Seems Ready to Run In a Posture Of Detachment

By STEVEN R. WEISMAN

RONALD REAGAN is approaching his presumed campaign for a second term with the same detachment and coyness that has characterized so much of his Presidency. His aides proceed on the assumption that he will run. He remains in the background, a professed noncandidate. Last week, Mr. Reagan's political advisers disclosed that he had quietly given "acquiescence and acceptance" to the formation of a re-election committee later this month. But there were many other signs that a "re-election mode," as one official put it, had descended on the White House.

Students of the Reagan Presidency may find the pattern of detachment familiar. In 1982, while his advisers were negotiating deals with Congress on the budget, tax increases and Social Security, Mr. Reagan assured the public that he was not prepared to make concessions. Only when everybody shook hands on the compromises did he come forward and embrace them himself.

Last week, Mr. Reagan continued to stand behind James G. Watt, even though he acknowledged that the Interior Secretary had been "stupid" in making an insulting remark about women, blacks, Jews and the handicapped. Mr. Reagan's aides let it be known that the drive to censure Mr. Watt appeared unstoppable in the Senate, and therefore Mr. Watt would likely resign.

Another instance of Mr. Reagan trying to distance himself from his Presidency came with the indefinite postponement of his trip next month to the Philippines, Indonesia and Thailand. At a State Dinner on Tuesday, the President pulled reporters aside and said he was "really mad" about the press coverage suggesting that he had put off the trip because of the anti-Government rioting in Manila. The reason for the postponement, he insisted, was strictly the press of business in Congress. White House officials, meanwhile, let it be known that security problems in the Philippines had certainly been the primary consideration of those leading the fight to persuade Mr. Reagan to defer the trip.

Democrats in Congress have fumed at Mr. Reagan's practice of disassociating himself from the policies and activities of his aides. At the White House, these same aides speak admiringly of the President's astute survival instincts, which they are certain will serve him well when his re-election campaign gets under way. "We've done a good job of not pushing Watt out," a White House official said last week, while noting privately that Mr. Watt looked like he would be gone soon.

To many in the Administration, Mr. Reagan's strongest political asset is his willingness to compromise before being bashed over the head with a Congressional rebuff.

His pragmatism first impressed the Congress in early 1982, when he accepted the Social Security rescue package. It was on display again last week in his embrace of the "build down" arms control concept advanced by Republicans and Democrats in Congress.

White House officials acknowledged that the primary motive for Mr. Reagan's making a new proposal on the formulas for the replacement of old weapons systems with new ones was not to break the deadlocked strategic arms negotiations in Geneva. It was to defuse the skepticism in Congress that the Administration was "sincere" about arms control, and thereby win support for new weapons programs.

The President's bipartisan arms initiative did not diminish his taste for partisan confrontation, however. There is no such thing as a White House in a re-election mode that does not include a President drawing the line with his political foes. In Louisville on Friday, the President warned on Friday that if Democrats regained the White House next year, Americans would be "taxed into the poorhouse."

More to the point, he has continuously threatened to reject spending bills that exceed his budget priorities; none of the measures Congress has so far approved have topped the Administration's expenditure targets by very much. "While we have not vetoed, the veto strategy has worked," said a Reagan aide. "There may be some Democratic jobs bills that we won't like in the House, but they'll never pass the Senate. Otherwise, Democrats have shown a great deal of restraint. We don't look for any 'shoot-'em-up's at the O.K. corral' on spending."

Still, the White House is fully aware that Mr. Reagan has not won the major reductions he asked for in Government benefit programs such as food stamps and health care, and that the Federal deficit remains in the \$200 billion range. The question some aides see lurking in the background is whether the President will be prepared to place these demands on the table in 1984 and risk being seen in an election year as further shredding the social safety net.

Among most White House aides, however, next year's budget dilemmas are about as pressing as the issue of killer bees. "I'm bored by the budget," a senior White House official commented last week, giving the most powerful indication of all of the re-election mode. Like those in many Administrations before this one, the President's top aides seem preoccupied by the campaign and not by governing — even though Mr. Reagan had only signaled his intentions indirectly, by declining to "dissuade" them from setting up a re-election committee. His actions were taken as a "clear signal" that the campaign was about to begin, according to White House officials.

"The juices are really flowing around here," a White House aide said last week, adding that there had been so much weariness among his colleagues recently that many members of the senior staff would have been gone by now if there were six-year Presidential terms. "Instead," he said, "everybody is really eager to get going. The campaign is bringing our competitiveness back to the surface."

Associated Press
President Reagan

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The World

Manila is Not Even a Nice Place to Visit

Authoritarian governments that are also close allies can pose touchy problems for the United States as their public support begins to dwindle. One example was the Carter Administration's attitude toward the Shah of Iran, which helped make him a lonely and vulnerable figure as the revolution picked up steam. And — although the outcome is far from clear — the case of President Ferdinand E. Marcos of the Philippines may be another. Last week, as opposition to Mr. Marcos continued to build, he appeared more isolated than ever as President Reagan called off a visit to Manila that was to be part of a November tour of five Asian countries.

The Administration, perhaps mindful of how the Carter Presidency was taken to task for not supporting the Shah sufficiently, took pains to avoid making the change in plans look like an affront to the beleaguered Mr. Marcos. It cited pressing Congressional business in limiting the trip to just Japan and South Korea. Indonesia and Thailand were also scratched to further diminish the impression that Mr. Marcos was being singled out.

But a rare outburst of cheering for Mr. Reagan in Manila pointed up the same dilemma for the United States that it faced in Iran. Jubilant office workers in the financial district applauded the President's decision not to come and drew from it encouragement to continue the campaign for Mr. Marcos's resignation. "Bases can stay, Marcos must go," read a banner. The Administration, however, did not seem ready yet to dump Mr. Marcos as the price for maintaining the largest American naval and air bases abroad, perhaps in fear that, as in Iran, it might lose on both counts.

An important element in the decision to skip Manila was fear for Mr. Reagan's security in the growing popular unrest. Economic trouble last week helped swell the discontent as the Government devalued the peso and delayed an increase in the minimum wage.

More Bungling Than Barbarity?

American intelligence data disclosed last week took some of the edge off the almost universal condemnation of the Soviet Union for shooting down a Korean Air Lines passenger plane with 269 people.

Assumptions that led President Reagan and other officials to denounce the attack as a deliberate breach of human rights appeared now to be questionable in view of evidence that the fighter pilot probably did not know his target was a commercial plane.

The attacking Soviet SU-15 jet evidently was below and behind the airliner, a position that made identification difficult. Originally it was assumed it was parallel to the 747 and able to see its distinctive hump above the cockpit. This led Mr. Reagan to say in his television address on Sept. 5, "There is no way a pilot could mistake this for anything other than a civilian airliner."

The data seemed to fault Soviet air defenses more for ineptness than for deliberate cruelty. According to the data, the Russians thought they were dealing with a smaller RC-135 Air Force reconnaissance plane but took two hours to accost it. An indication that Moscow was displeased with the performance came in information reaching officials in Washington of a purge of the Soviet Far Eastern Air Defense Command.

A New Start For Labor Party

After suffering its worst electoral defeat in more than 60 years in June, Britain's Labor Party tried a fresh face last week. At the annual convention in Brighton, Neil Kinnock, a Welsh leftist with charm and a talent for oratory but no experience in government, was elected leader by a big majority to replace the hapless Michael Foot.

At 41, Mr. Kinnock is the youngest Labor leader ever but will probably be considerably older before he stands a serious chance of "lifting the yoke of Thatcherism" from the country. He will have to restore unity to the party and credibility to its aspiration to replace Mrs. Thatcher.

Mr. Kinnock beat out the more conservative Roy Hattersley, who became deputy leader. The two men will now have to reconcile deep divisions on crucial policy questions like British membership in the European Economic Community, nuclear defense and the North Atlantic alliance. Labor's opposition to the common market and to nuclear arms alienated many trade union voters, who deserted Labor to vote for the Conservatives or the alliance. Mr. Kinnock has backed away from the party's hostility to the European Economic Community.

The most serious problem concerned his and the party's commitment to "the denuclearization of Britain." The Brighton meeting

went further than he wished by voting overwhelmingly in favor of "unconditionally" scrapping all nuclear weapons systems. Besides reducing his room to maneuver, this and other resolutions on defense left Mr. Kinnock with a major test of his talents of persuasion.

In terms reminiscent of Charles de Gaulle, who pulled France out of the integrated military setup largely because it was run essentially by Washington, the party approved a resolution that rejected British membership in any "Pentagon-dominated military pact" based on the first use of nuclear weapons. Was Labor advocating abandoning NATO? Mr. Kinnock asserted no reference to NATO was intended but continued confusion was in prospect.

If Only Salvador Would Behave

The Reagan Administration's efforts to defend El Salvador against a Marxist takeover assume that the embattled Central American nation wants democracy instead. Rightist terrorism aimed at democrats has persisted, however, and last week it provoked an embarrassed outburst of official condemnation.

"It is particularly deplorable," Alan Rombert, a State Department spokesman, said after the latest incidents, "that political violence in El Salvador has been directed against those moderate groups who have accepted the risks of supporting democratic reforms."

Mr. Rombert's comments followed a statement by the American Embassy in San Salvador two weeks ago denouncing the kidnapping of Amílcar Martínez Argüera, director of economic and social affairs in the Foreign Ministry. The Maximiliano Hernández Anti-Communist Brigade, which claimed responsibility for killing six leftist leaders three years ago, claimed the kidnapping too, as well as the killing of four other people accused of being Communists. The embassy went to unusual lengths in declaring that the rightists were "doing more to destroy El Salvador than the Communist guerrillas could ever hope to accomplish."

Almost a year ago, the American ambassador at the time, Deane R. Hinton, said much the same thing and even threatened an end to military aid if the rightist terrorism did not stop, but he got no backing from the White House. Concerned over a Congress that continues to balk over the military expenditure, the Administration made no effort to undercut the embassy this time.

The House Appropriations subcommittee on government operations demonstrated its worry last week by slashing the request for military aid this year from \$86.3 million to \$51.3 million. At the same time the subcommittee added restrictions on its use to force trials of five National Guardsmen charged with killing four American churchwomen in 1980 and the killers of two American labor leaders in 1981. Previously, the Senate Appropriations Committee used similar language to block 30 percent of this year's aid to El Salvador.

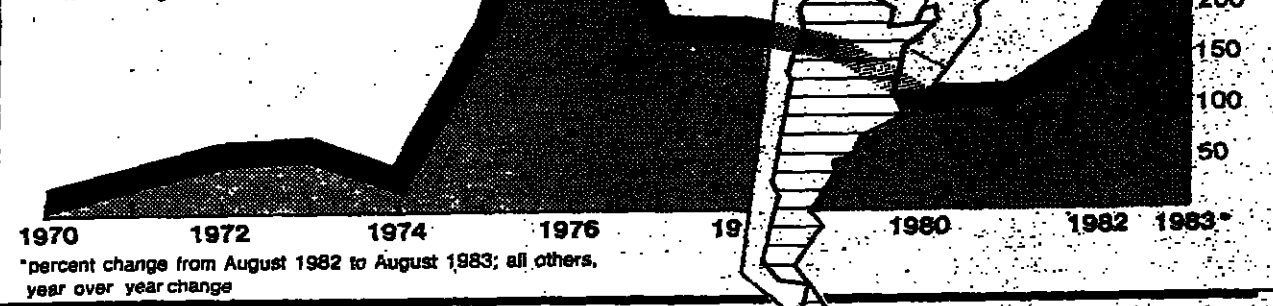
Henry Glazer
and MIT Freudenheim

Tarnished Brass in Argentina

Sky-high crisis

Argentina's inflation rate
(Annual percentage increase
in consumer prices)

Source: International
Monetary Fund



New Pressure For Political Retreat by The Military

By EDWARD SCHUMACHER

BUENOS AIRES — At a red light, a taxi driver pulled up next to an army colonel who had just cut him off in the heavy downtown traffic. "Hey, precious," the taxi driver called from his window, "I wouldn't employ you for the little bit that you're worth."

The incident Thursday, which left the colonel speechless, was one small indication of the disrepute into which Argentina's ruling military has fallen. Internally riven, externally reviled, it is struggling after more than seven years in power to run the country through promised elections Oct. 30. But it has lost much of its authority, and the nation seems on the verge of going out of control.

"Trying to squeeze this Government is like trying to massage a dead man so the blood circulates in his body," Juan Raccini, a labor leader, told reporters in a commonly repeated sentiment.

For two weeks, Argentina has been cut off from most international credits because of a ruling by a local Patagonian judge that refinancing contracts on the country's \$40 billion foreign debt violated national sovereignty. A federal appeals court appeared ready to overrule the judge, who even detained the head of the central bank, Julio González del Solar, for a time. But foreign bankers said it might be weeks before they resumed the credits, leaving the country precariously close to default on the debt. In contrast, Brazil was bailed out last week by 60 major banks that agreed to extend \$12 billion to prevent a default on its \$90 billion debt, the largest in the developing world.

"There is no reason for the panic," Argentine Economy Minister Jorge Weihe said Thursday. But savers paid little heed, lining for blocks outside banks to withdraw foreign exchange deposits and even jewels from safety deposit boxes.

Argentina's unions staged a 24-hour national strike Tuesday that shut down almost all business, industry and public transportation. Workers protested falling real wages and skyrocketing inflation, which the Government reports has been running at an extraordinary rate for the last two months of more than 500 percent a year.

While the economy is the most explosive social issue, the ghosts of the more than 8,000 people who disappeared during the military's antiterrorist campaign is the most sensitive politically, and even there the military's authority has been eroding. By last week, 13 criminal court judges around the country had ruled that an amnesty the military decreed for itself two weeks ago was unconstitutional. The amnesty protects servicemen and police from future prosecution over the disappeared.

The amnesty is the one issue that military officers say they are most intent on resolving before stepping down. The Supreme Court must decide on constitutionality, but by this weekend the military was still silent on the judicial revolt, not even filing appeals.

Political and military leaders still dismiss the possibility of a coup to postpone the elections. The armed forces, they say, are "gastado" — wasted. But there were reports last week that the junta was considering replacing President Reynaldo B. Bignone until a new government takes over or that he had threatened to resign in an attempt to shore up his support. The military is supposed to hand over power in January.

If the country is not in total chaos — it still appears calm on the surface — it is largely to the credit of opposition political and labor leaders. They have sought to channel discontent so as to avoid massive anti-Government demonstrations that could easily turn violent.

Punches but No Plaudits

The military's fall from grace was abrupt after its humiliating surrender to Britain in last year's Falkland Islands War. Revelations of cowardice by some officers and corruption such as the stealing of chocolate bars sent to the troops were disillusioning. Former draftees who served on the islands have punched their former sergeants and officers on streets here to public applause.

A stream of retired generals and ministers have been called by courts to testify in cases of corruption and then disappeared. Admiral Emilio E. Massera, a retired navy commander in chief, has been under arrest since June for withholding information in a murder trial in which he is one of the suspects. It involves a love triangle that has been titillating newspaper readers.

A secret poll commissioned by the military in August reportedly found it had just 6 percent popular support. Personal conflicts and divisions over whom to blame for the Falkland defeat have added to the morale problem. Brig. Gen. Mario B. Menéndez, commander on the islands, was put under barracks arrest last week by the army high command for publishing a book critical of some of his superiors in the campaign. Retired Gen. Leopoldo F. Galtieri, who as President last year ordered the invasion, earlier this year spent 45 days under barracks arrest for criticizing his subordinates.

The police have not escaped public opprobrium. Soccer fans regularly hoot police at matches with the chant "national police, national shame." After policemen shot rubber bullets into a taunting soccer crowd in the small northern town of Aguilares two weeks ago, nearly the entire town turned out the next day to drive them back into their barracks.

A Prize and a Boost for Lech Walesa

LECH WALESA, who has had a frustrating year, savored sweet triumph last week. The Nobel Peace Prize — and \$190,000 — was his in recognition of his attempts to promote a free trade union under a regime that permitted it for a time but finally could not abide such heresy.

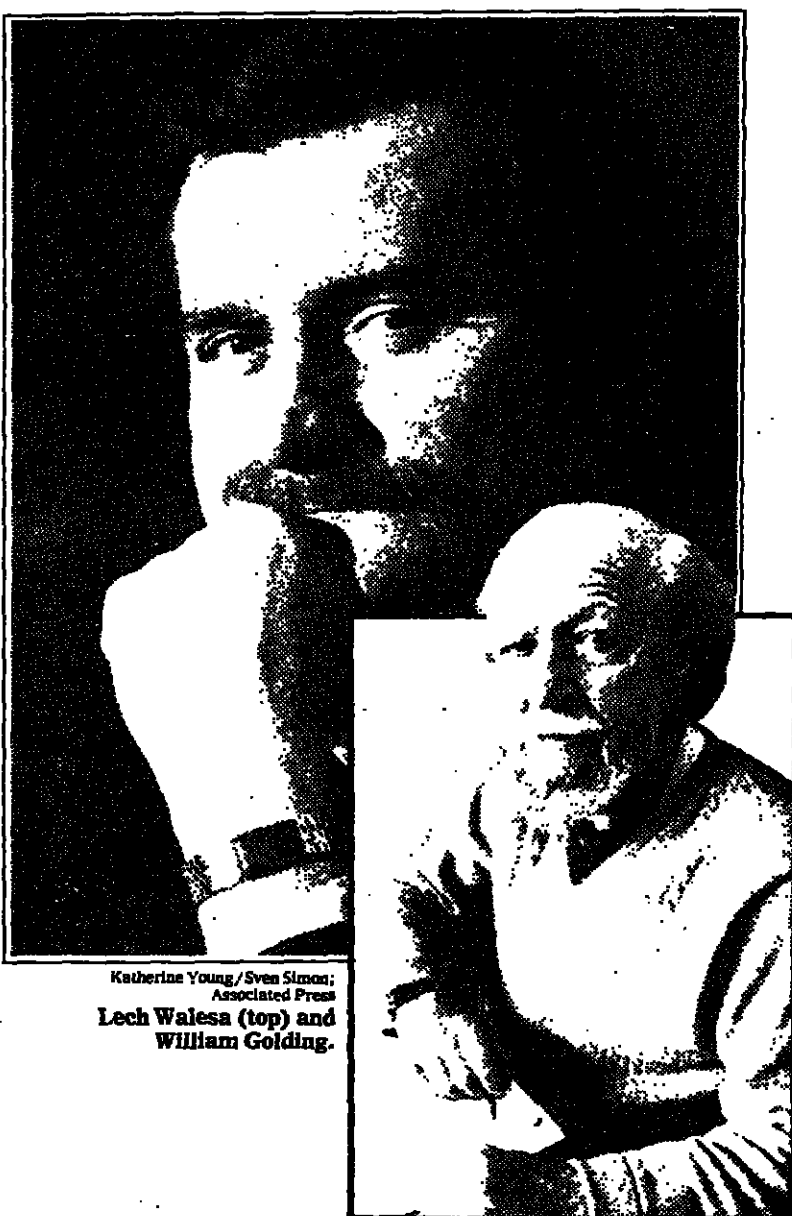
"I don't expect any thanks or gratitude from the Polish authorities," the Norwegian Nobel Committee's chairman, Egil Aarvik, said. For those who outlawed Solidarity, imposed martial law, interned Mr. Walesa and have since repressed efforts to keep Solidarity alive, it was a galling moment.

Most Poles seemed glad but after hours of silence, the official media glumly charged the Nobel committee with political motives. It is not the first time the Soviet bloc has felt put upon by Nobel committees. Andrei Sakharov, the best-known Soviet dissident, received the peace prize, and literature prizes have gone to such troublesome figures as Aleksandr I. Solzhenitsyn in 1970 and Boris L. Pasternak in 1958.

Mr. Walesa, who reportedly earns \$270 a month as a Gdansk shipyard electrician, announced he was donating the prize money to a projected church fund to help agriculture. Because of the possibility he would be barred from returning to Poland, he ruled out an appearance at the Oslo ceremony Dec. 10.

The Nobel Committee called Mr. Walesa "an inspiration and an example" but his efforts after the destruction of Solidarity to re-establish dialogue have not inspired the authorities. For them, he is now just another shipyard worker whom they have been trying desperately to make a "nonperson," as Mr. Reagan put it, or at least to discredit. Encouraged by the international recognition, Mr. Walesa promised "more effective" tactics to bring Solidarity back but said they would remain "exclusively peaceful."

Another Nobel Prize, for literature, was awarded last week to William Golding, the 72-year-old



Katherine Young/Sven Simon; Associated Press
Lech Walesa (top) and William Golding.

British novelist. Mr. Golding is best known for his novel "Lord of the Flies," the story of a group of schoolboys who degenerate from innocence to savagery when marooned on an island.

Mr. Golding was praised for "illuminating the human condition"

but not unanimously. Artur Lundkvist, a member of the Swedish Academy, took the unprecedented step of dissenting in public, calling Mr. Golding "a little English phenomenon of no special interest." He was later reported to have had second thoughts.

Border Shelling Was Protested at O.A.S. Last Week

Guerrilla Fires in Nicaragua Put the Heat on Costa Rica

By MARLISE SIMONS

THE only thing that ever happens in Costa Rica, it is often said, is Nicaragua. This quiet Central American democracy again feels itself being sucked into the violent struggle for power beyond its northern border.

Costa Ricans are fearful for their own security. The fighting between Nicaraguan factions is already spilling over into their territory and they worry that the broader revolutionary convulsions in Central America could destabilize their own society.

The main border crossing into Nicaragua, Peñas Blancas, for example, was recently closed for two days after rebel followers of the dissident Sandinista commander, Edén Pastora Gómez, attacked the border post on the Nicaraguan side. The Nicaraguans returned the fire and destroyed several small buildings inside Costa Rica. The Costa Ricans called a meeting of the Organization of American States in Washington last week to denounce Nicaragua, which claimed the right to retaliate against hostile action from Costa Rican territory.

A Long Involvement

Yet, despite a rational desire to avoid being ensnared by Nicaragua, Costa Rica has in practice been unable to escape emotional and active involvement in its neighbor's continuing political drama. In the mid-19th century, Costa Rican soldiers helped to topple the American filibuster William Walker from his rule of Nicaragua. And during the long dynastic rule of the Somoza family in this century, numerous rebellions were launched from Costa Rica, including the final successful Sandinista revolution in 1978.

Thus, while insisting on its formal neutrality, Costa Rica has in practice made little effort to hide its sympathies or collaboration with opponents of the succession of dictators that have ruled Nicaragua. Hundreds of militant opponents of the Managua Government have taken up exile here, confident that their activities would be shielded by this country's strong anti-Communist stand.

Not only does Mr. Pastora's Democratic Revolutionary Alliance use Costa Rica as its command headquarters, arms conduit and training site, but the C.I.A.-backed Nicaraguan Democratic Front which operates from Honduras, openly recruits from a ground-floor office in downtown San José.

As Mr. Pastora's organization has begun to step up its activities, however, it has become increasingly diffi-

cult for Costa Rica to preserve its image of public impartiality. A series of air raids by the Pastora group on purportedly military targets in Nicaragua were planned in Costa Rica, although San José denied Sandinista charges that the rocket-loaded planes had left from here.

In apparent response, the 16-month-old government of President Luis Alberto Monge has in recent weeks seized arms, motorboats, vehicles and a light aircraft from the Pastora group. But even this reaction was seen to be ambivalent; while the new United States Ambassador here, Curtin Winsor Jr., complained that the Public Security Ministry was being "overzealous" in its moves against the "contras," some local politicians argued that Mr. Monge either lacked resolve or favored the Pastora supporters since, in practice, they were free to continue their organizing.

At the heart of the issue there are several basic questions: whether Costa Rica should stand up to the Sandinistas to show it disapproves of Nicaragua's lack of democracy or try to appease Managua in the hope of averting leftist agitation at home; whether Costa Rica's democracy and security are best served by supporting efforts to oust the Sandinistas or by determinedly refusing to become involved.

This debate has been going on inside the Government for some time. Pressure has grown to take an open public position on Nicaragua, whatever it may be. Secret complicity with rebels, some politicians argue, serves to erode the country's own democracy because it co-opts Government workers, politicians and the press.

Guido Fernandez, who was editor of the country's leading newspaper La Nación at the time, said recently that his newspaper "covered with a veil of silence or deliberately distorted information" about the "participation of the Costa Rican Government in the Nicaraguan revolutionary process" in 1978.

In what local journalists concede is self-censorship, the news media again are helping to maintain the Government line that Costa Rica is neutral by suppressing reports about complicity of local officials and the existence of rebel training camps.

Last month, Minister of Security Angel Solano seemed to suggest one way to end the appearance of innocence. Perhaps the time has come, he said, to institutionalize the nation's security forces and make them a professional group rather than change the entire Civil and Rural Guard corps with each new administration.

"In normal times it is reason for pride that we change our whole corps," he told a group of guard officers, "but at a time like this it verges on the irresponsible."

مكتبة الأمل

سكنا من الأهل

Foreign Entanglements

Diplomatic Foothold Is the Last Vestige of an Abandoned Policy

For Israelis, Beirut Now Seems Only A Sideshow

By THOMAS L. FRIEDMAN

BEIRUT, Lebanon — Israeli policy in Lebanon today appears to be torn between two contradictory impulses. On the one hand, Israeli officials still seem to have a lingering hope that they can salvage some kind of normalized relations with the Beirut Government as a prize of the 1982 invasion. On the other hand, they increasingly recognize that the most they may ever gain from their invasion of Lebanon is 25 miles of relative peace and quiet.

Even this gain could be threatened by Syria's acquisition of Soviet SS-21 surface-to-surface missiles, which was confirmed yesterday by President Reagan. The arrival on Syrian soil of the sophisticated offensive weapons led the President in his weekly radio address to question Syria's "peaceful intentions" and to ask whether the United States could stand by "and see the Middle East incorporated into the Soviet bloc."

The Israeli's hope that they can still salvage something from the Lebanon debacle is represented by the new four-story Israeli Liaison Bureau, located on a Mediterranean hillside just north of Christian East Beirut. An embassy in everything but name, the Israeli mission has its own diplomatic staff, liaison office with the Lebanese army and commercial officer overseeing trade.

Scores of Lebanese, the vast majority of them Christians, visit the office each week, making arrangements for travel to Israel, using the telephone to call relatives south of the border and getting explanations of Israeli policy in Lebanon in English, French or Arabic.

But for all the activity in the liaison office — which was provided for under the May 17 Israel-Lebanon withdrawal agreement and which represents the only clause in that agreement that has been implemented by either party — it seems to be more and more the last vestige of an abandoned policy.

The new Israeli thinking about Lebanon is symbolized by an Israeli soldier standing watch on a hard-scrabble hillside overlooking the Awali River, some 25 miles north of the Israeli border. It was to this position that the Israeli army withdrew from the Shuf mountains on Sept. 4. Hidden behind a pile of sandbags, the soldier peers across the Awali River, scrutinizing every movement though huge 20-power binoculars. More than a year after

the Israeli army entered Lebanon to create a new order, they have gone back to watching the turmoil around Beirut from a safe distance.

Israeli officials privately concede their Beirut liaison office is a kind of insurance policy. If by chance the Lebanese Government ever becomes capable of exerting its influence around the country, the Israelis will be well-placed to influence the direction of its policy through the liaison bureau and more importantly through their Christian allies, who still constitute a powerful lobbying group.

Israeli officials insist their relationship with the Christian Phalangist militia will be maintained within limits, no matter how far south they pull their troops. While the Israelis seem to recognize that the Phalangists were vastly overrated as a military power, they still believe the Christian militia is a useful antidote to Syrian and Palestinian guerrilla influence in Beirut.

For the time being, however, Beirut has become a sideshow for the Israelis. The real Israeli "red line" now is the Awali, so much so that Israeli Defense Minister Moshe Arens threatened last week to close all traffic across the river from the north, effectively sealing off the Israeli-controlled south from the rest of the country. Israeli officers in the south admit they wasted almost all of last year, trying to get the predominantly Shiite Moslem residents of the area to join Maj. Saad Haddad's Israeli-backed militia.

Major Haddad attracted so few recruits from outside his traditional border enclave that he made a radio broadcast two weeks ago threatening to quit if he did not get a more favorable response. At least partly because Major Haddad's influence seems limited, the Israelis have begun developing an alternative to their longtime ally. His militia is still being allowed to play a symbolic role around the Awali and in his traditional border strip, but the Israelis have given up trying to create one large multisectarian militia to police all the villages.

Instead, they are creating small "national guards." In each village, whether Christian or Moslem, the Israelis are quietly arming and training residents to handle their own security, on the assumption that the villagers can best spot strangers and have the strongest incentive to keep the peace in their own area.

Ultimately, the Israelis hope, the "national guard" policy will enable them to greatly thin out their forces on the ground. In addition, they hope to develop a home-grown intelligence network throughout the area that could prove useful to them even when and if they leave. How much cooperation they will get from the locals, particularly from the Shiites, who have been warned by their Amal organization leadership not to cooperate with the Israelis, remains to be seen. Last week Hussein Wahbe, the Shiite head of the Israeli-sponsored national guard in the village of Adoon, near Tyre, was killed by a car bomb.

What worries the Lebanese Government is that the Israeli plans for the south might actually work — thus enabling the Israeli army to maintain a high level of security in the area with a relatively small troop commitment of its own. The Lebanese fear that might lead to a tacit Israeli-Syrian "understanding" over Lebanon, if there isn't one already. That is, the Israelis might decide that even the best Lebanese central government could never do as good a job throttling the Palestinian guerrillas inside Lebanon today as the Syrians are currently doing in the areas under their control or as the Israelis themselves are doing in the south.

"What we are afraid of," one Lebanese official said, "is that both the Syrians, Israelis, and ultimately even the Americans, might conclude that it would be a lot cheaper and much more efficient if everyone stayed where they are. It is up to us to prove that there can be a strong central government here."

United Press International

Israeli soldier at newly fortified line near Awali River in Lebanon.

Events Have Compelled a More Modern Military Doctrine

The Chinese Nostalgia for A 'People's War' Is Fading

By CHRISTOPHER S. WREN

PEKING — For years, Chinese defense strategy revolved around the late Chairman Mao's dictum of a victorious "people's war." By such logic, even well-armed aggressors were no match for a guerrilla fighter whose heart was ideologically pure. The notion had some basis in the long civil war that swept the Communists to power in 1949, but it has since been overtaken by modern realities like the deployment of Soviet nuclear missiles along China's northern border.

At the latest round of Chinese-Soviet consultations that opened last week in Peking, the Chinese have been pressing for the Soviet Union to reduce its concentration of troops and missiles along the border as one of the preconditions for more normal relations. The value so far of the protracted talks, which got under way a year ago, is that they promise some relaxation of tensions with the Soviet Union while China tries to modernize its industry, agriculture, science and defense.

The low priority given defense has precluded the 4.2-million-man armed forces from catching up on weaponry, which remains badly outdated by Soviet or American

standards. But there has been a more perceptible shift in Chinese military thought, which encompasses a more realistic assessment of modern warfare, greater attention to technological training and more interest in foreign arms and tactics.

Chinese "volunteers" in the Korean War were stunned by the scope of American firepower they faced. But the lesson got lost in the subsequent Maoist rhetoric of the 1966-1976 Cultural Revolution, when the slogan was to "put politics in command." In the short but bloody invasion of Vietnam in 1979, the army's frontal assaults contributed to casualties that Western estimates have placed as high as 20,000 men.

The old concept of the people's war was to draw the invader hundreds of miles into China and mire him in a demoralizing guerrilla struggle. But such a strategy in Manchuria, the most likely Soviet invasion route, would mean yielding a vital region containing 70 percent of China's defense industries as well as its largest oilfield and an extensive grainbelt. The Soviet Union could also neutralize Manchuria with nuclear or chemical weapons rather than occupy it.

The preoccupation with a people's war has given way to a three-tiered concept of positional, mobile and guerrilla defense. An aggressor would have to fight past well-entrenched units, including artillery deployed on the high ground. If he broke through these lines, he would be hit by mobile reserves of armored units and possibly paratroopers, though the Chinese air force has barely enough aircraft to drop two battalions of its three airborne divisions.

Finally, guerrillas would harass the enemy. "If a war breaks out, we will mobilize the masses of people to swamp the enemy in the ocean of a people's war," said The People's Daily. But it added that this concept "should be enriched under modern conditions."

The armed forces chief of staff Yang Deshi, writing in the Liberation Army daily newspaper last July, disclosed that the stress on training had shifted "from anti-infantry to anti-tank warfare, from single services to combined units and from soldiers to officers."

There has been a stronger emphasis on discipline and training, particularly in the officer corps, which must be the first to master advanced weapons and communications. As of this year, officers are no longer being promoted from the ranks but must have formal military education.

Resistance to Education

Some career soldiers have resisted the idea of education, which the Maoists despised as intellectual foppery. Earlier this year, the air force commander, Zhang Tingfa, warned subordinates that "it is an erroneous, muddled idea to look down on technical cadres and hold that one can fight a battle and engage in construction whether or not one is educated or has acquired technical knowledge."

China's achievements in armaments have ranged from exploding an atomic bomb in 1964 to launching a long-range missile in 1979 and firing a rocket from a submarine last year. More prosaic weapons are mostly copies of what the Soviet Union gave China more than two decades ago. In one example, anti-tank weapons must be fired at such close range as to make the mission virtually suicidal for the crews.

Defense Minister Zhang Aiping maintains it is not possible or practical for China to look to the West because it can't afford to buy arms. Some diplomats here see this largely as a pretext for acquiring Western technology that would allow manufacture in China and maintain an image of self-reliance and nonalignment. Secretary of Defense Caspar W. Weinberger reportedly found the Chinese more interested in weapons they could acquire from the United States than Mr. Zhang has let on.

Contacts with the Soviet Union like the current consultations may give China enough time to forge its armed forces into what party chief Hu Yaobang called at last year's 12th party congress "a great wall of steel guarding our socialist motherland." Some officials acknowledge privately they no longer fear an imminent invasion from the north and are more concerned about maintaining a military credibility along the southern border with Vietnam and India while the army waits its turn in the modernization campaign.

Mitterrand's Global Role Troubles His Supporters

By JOHN VINOCUR

PARIS — The Frenchman who voted Socialist in May 1981 thinking that with François Mitterrand he was striking a blow against interventionism, neo-colonialism, and militarism got this: French troops in Chad and Lebanon, the first Atlantic alliance meeting in Paris in 17 years, a French signature on the bottom of President Reagan's Williamsburg declaration on global security, and full Socialist embrace of NATO's projected missile deployment. The list skips over arms deals, support for African autocrats, and business with South Africa.

If the Socialist voter is confused or disappointed by the actions, he can always listen to the words. While his Government swells the share of the military budget for nuclear weapons, and sends its Super Etendard fighters to bombard Syrian positions near Beirut, at least the talk stays "progressive" and third world. Indeed, at the United Nations General Assembly the week before last, Mr. Mitterrand called for two successive international conferences that would reduce arms expenditures and then transfer the savings to the underdeveloped.

More than two years into the President's seven-year term, French foreign and security policy can occasionally seem like an action movie on which someone stuck a dream-sequence soundtrack. But no matter if the activism and the verbalism don't quite match. At home, Mr. Mitterrand has never been hurt because of a foreign policy decision. Rather, those Socialists who expected the president to close the French African bases, leave the West German garrisons, and mothball the fleet now talk about "realism in defence of the cause of peace."

Outside France, the President's friends and adversaries have come to judge him only by what he does, with Mr. Mitterrand gaining considerable respect in the process. The Russians have found his Government continually mistrustful of them, and unresponsive on the essentials. Perhaps the President's most ingenious bit of foreign policy activism in Europe, as well as his most significant gesture toward Moscow, was his speech in the West German Bundestag that warned of false notions of disarmament and the dangers of Europe and West Germany decoupling themselves from the United States. If Franz Joseph Strauss's analysis is correct, the speech meant extra percentage points to Chancellor Helmut Kohl in the March elections, and the victory of a security policy in West Germany that Mr. Mitterrand believes vital for the European balance of power and for French independence.

Like the Soviets, the Americans have found Mr. Mitterrand dead serious. The Reagan Administration has gotten used to a French reflex to see faults in almost anything the United States can undertake as an acceptable trade-off in a basically good working relationship. In the case of Chad, the French did not like (in spite of the con-



President François Mitterrand (right) greeting Chad's President Hissen Habré in Vitell, France last week.

traditions) the Americans pushing them into intervening, muscling into their zone of influence, and then taking out their surveillance aircraft. But the tension was verbal; France got involved, stopped the Libyan advance, and fulfilled the role of West African policeman that the Socialist election campaign criticized so harshly in 1981.

The same kind of process took place in Lebanon, with France criticizing the American naval shelling in support of the Gemayel Government, and then attacking Druse-Syrian positions themselves. The best explanation of the pattern is that it is terribly important for the Government and its followers not to seem dragged along in the wake of the Americans. Finding little to criticize in Mr. Mitterrand's foreign policy that could excite public opinion, the French right has taken to saying it is not very original. Worse, wrote the conservative Le Quotidien de Paris, "it is lined up with that of the United States in spite of all the canned anti-American potshots."

The difficulty for France in running its policy, particularly in relation to the United States, is apportioning its limited means. In some cases, pure pragmatism has submerged original intentions. An example is Nicaragua and Latin America, where the Government sought briefly to be active and then found the expense and the potential conflict with the United States too great.

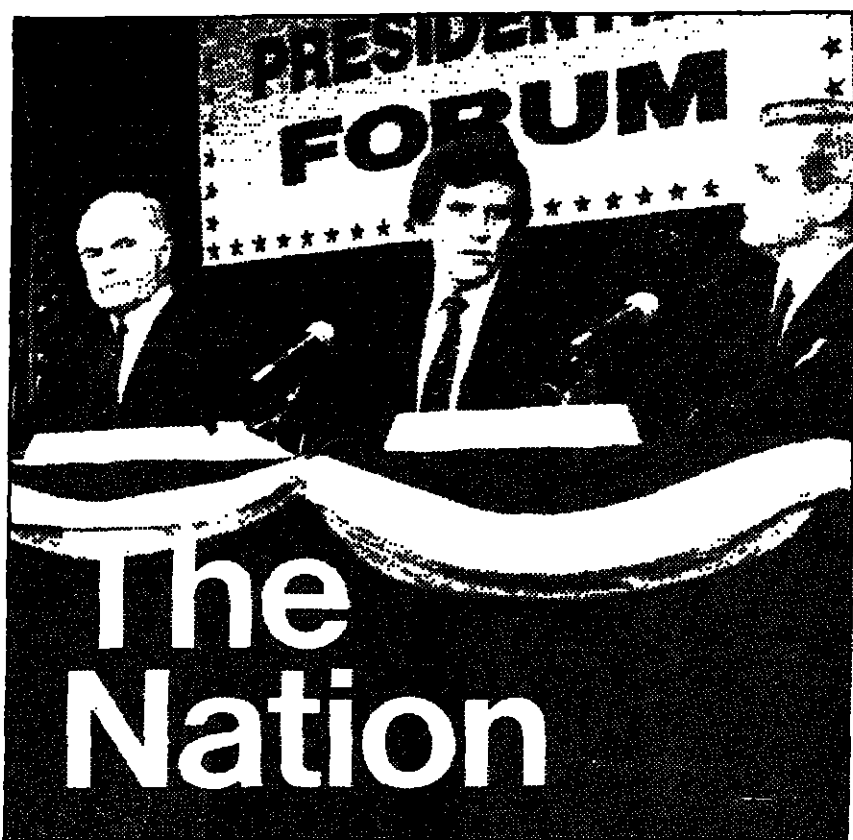
These are tactical issues, but one of the greatest French fears had a flutter this week. Along with the horror scenario of an effectively neutralized West Germany that would end its buffer role between France and the Soviet bloc, the Government constantly worries about some kind of Soviet-American arms limitation agreement that would go behind its back and legislate the French nuclear force into insignificance.

Mr. Mitterrand has dealt with the issue by saying France will have nothing to do with the Geneva talks in progress. But while he was talking at the United Nations, Vice President George Bush suggested in Washington that at one point or another the French and British nuclear forces would have to come into the equation. The formula was vague enough for the State Department to attempt to finesse it and the Government did not press the issue. But it troubled people here because it goes to the heart of what has the feel of a tacit quid pro quo arrangement with the Reagan Administration.

That understanding says that France and the United States can work in concert and in confidence in many areas if France is not pushed into the nuclear counting game. Through Prime Minister Pierre Mauroy, France made clear last week it would not accept being nudged by the Americans. If it thinks it's feeling an elbow, all the other bets could be off.



Chinese soldiers drilling in Peking.



Democratic Presidential aspirants John Glenn (left), Gary Hart and Walter F. Mondale at forum in New York last week.

For Democrats, 'Issues' Means Personalities

For months now, Senator Gary Hart of Colorado and other runners-up in the early rounds of the contest for the Democratic Presidential nomination have been saying the campaign stage that began last week would produce a "competition of ideas" that would be damaging to the front-runners, former Vice President Mondale and Senator John Glenn of Ohio. That was not quite the effect of the first of a series of public forums at which the seven declared candidates will appear jointly.

The "issues forum" conducted by the New York Democratic State Committee provided 1,500 political professionals and party activists with the rare opportunity to make direct comparisons between the contenders and the five second-runners with the equally rare chance at public attention. But the focus was on Mr. Mondale's and Mr. Glenn's style as much as the substance of their differences. For Mr. Mondale, a wearing week of trying to strengthen his claim that he, unlike Mr. Glenn, is a "real Democrat" was highlighted Wednesday by the formal commitment of the American Federation of Labor-Congress of Industrial Organization's multimillion dollars in campaign machinery. Thursday, on the platform in New York City, Mr. Mondale seemed distracted and almost lackadaisical. Mr. Glenn flashed a hint of a characteristic potentially as valuable as a credential record or a detailed grasp of the issues — a quick recognition of an opportunity to get out his message. Bristling at a question that implied he was a celluloid celebrity, he responded not with a recitation of conventional political achievement but with the remark that his space missions "accomplished a great deal for the country and the world" and then went on to compare his live flights to Ronald Reagan's cinematic ones.

The seven lined up again last night before more than 6,200 party members in Des Moines, at Iowa's Jefferson-Jackson Day dinner, an annual occasion that has acquired a certain symbolic significance in the Democratic Party. The first serious measure of the determination of a former Georgia governor named Jimmy Carter was the 23 percent of the straw poll ballots he took at the 1975 dinner. This year, the attention has been on Senator Alan Cranston of California and his effort to ambush Mr. Mondale by out-organizing him.

As for Senator Ernest F. Hollings, his spokesman asserted that his third-place showing in last week-end's straw poll in Maine shows the South Carolinian can "sell his message outside the South." His Washington staff was trimmed back to concentrate on New England, on the theory that his economic conservatism will appeal there.

Politics Puts Congress on Hold

"Do you think the President is political enough to veto a bill to gain votes for his party?" asked the Speaker of the House, Thomas P. O'Neill Jr. "The answer," the Massachusetts Democrat continued, "is yes. He's the most political man I've ever seen over there." The White House was replying in kind last week — and so were some members of his own party, particularly those who have been working for years on the comprehensive immigration law revision that Mr. O'Neill, using the Speaker's prerogative to set the House's schedule, effectively tabled, probably until after November 1984.

The Speaker's action was only the plainest example of the extent to which election politics is shaping Congressional decisions. The Administration has supported the immigration measure. But Hispanic-Americans voters, whom it has been vigorously wooing, oppose it. They fear it would increase job discrimination by penalizing employers who knowingly hired illegal aliens. By his own account, Mr. O'Neill was not out to create a sense of obligation to the G.O.P. among some of the "the poor people whom the Democratic Party is always trying to protect."

On the matter of the United States Civil Rights Commission, Senate Republicans displayed similar sensi-

activities. After weeks of trying to persuade the White House of the inappropriateness of replacing the present panel members with people who share President Reagan's sentiments against quotas and busing, the Senators kept right on negotiating with Edwin Meese 3d, the President's counsel, and putting off a committee vote until after the 10-day Columbus Day recess that began Friday. The commission, whose statutory authority formally expired last weekend, will then have only 45 days left of its wind-down period. Faced with an embarrassment from within their party ranks, the Senate leadership acted with more dispatch. In exchange for calling off his surprise attack on the creation of a national holiday in memory of the Rev. Dr. Martin Luther King Jr., Senator Jesse Helms of North Carolina won prompt consideration of a dairy and tobacco price support bill. (Asked whether his denunciations of the civil rights leader as a "Marxist Leninist" might cause difficulties in a reelection bid that is predicted to be difficult next year, Mr. Helms replied, "I'm not going to get any black votes, period.")

Echoes on Economy

And as it has for weeks, politics dominated budget deliberations. Arguing that squabbling with the White House over appropriations won't gain anyone anything any more, the Republican majority, liberal party members included, expeditiously disposed of a Democratic attempt to beef up, by \$559 million, the education portion of a \$91 billion domestic spending bill. On the House side, members of both parties added to a \$320 million dollar supplemental spending measure \$100 million-plus in goodies for their districts, from Appalachian Regional Commission highways to refitting a dredge ship for the New Orleans World Fair.

On economic matters, the two chambers, still unable to agree on how to extend supplemental benefits for the long-term unemployed, decided by voice vote to keep the program going unchanged until they can tackle it after recess. In September's unemployment report, issued Friday, the Labor Department said that the number of people who have been looking for work six months or longer rose from 2.4 million in August to 2.5 million last month. As expected, the national jobless rate stayed over 9 percent. When the military is counted in, the figure was 9.1 percent; in August, it was 9.4 percent.

For Investors, Precious Little

More than 30,000 people who thought they had bought gold, silver and platinum from Bullion Reserve of North America may have to prospect for it in court. Officials of the company, whose chairman committed suicide 11 days ago, filed a bankruptcy petition last week, saying nearly all of \$60 million in bullion supposedly stored in an underground depository in Utah was missing.

Disclosures in the bankruptcy petition added new twists to an already tangled case that is being pursued by investigators on both coasts. It was touched off when, in a seemingly routine inquiry, New York State Attorney General Robert Abrams asked to see Bullion Reserve's records.

Mr. Abrams said he had received no complaints about the company, but was struck by the similarity between its radio commercials in the New York City area and those of a now-defunct precious-metals trading company whose investors lost between \$20 and \$40 million. Such companies, which offer to sell and store gold and silver in amounts that appeal to small investors, are largely unregulated.

Mr. Saxton killed himself on the day after the Abrams inquiry. With a subsequent audit and the bankruptcy notice, it was disclosed that Bullion Reserve had only about \$900,000 in gold and coins stored in a rented vault outside Salt Lake City and that the company had loaned its chairman and some of his relatives \$41 million over the past year. Investigators said it was possible someone would be charged with grand theft.

Caroline Rand Herron,
Carlyle C. Douglas
and Michael Wright

'It's Gone, All Gone, and No One Seems to Give a Damn'

In Farm Crisis, the Land Itself Becomes a Liability

By ANDREW H. MALCOLM

HILL CITY, Kan. — The courtyard of the Graham County courthouse was surrounded by more than two dozen state troopers and helmeted sheriff's deputies summoned from other counties one morning last week. On the roof, more than a dozen other officers, some wearing flak jackets and manning videotaping equipment, monitored the scene below. When more than 200 chanting protesters entered the courtyard, a fire truck pumper quietly moved in behind, its high-powered hoses unfurled and ready.

The occasion was yet another public sale of land seized from a farmer — in this case, Bernard Bates — who got too far behind in his loan payments. This confrontation between farmers angry at their financial plight and authorities acting to seize collateral for delinquent loans was typical of a growing number of such scenes across the nation's agricultural heartland.

The array of armed force, though unused this time, was testimony to the potential for violence perceived by both sides. The sale came just days after a dispossessed Minnesota farmer apparently lured two bankers to an ambush on his old farm. Both bankers were fatally shot and James L. Jenkins, the farmer, later committed suicide. "I can share the frustration," said Dennis Utoft, another Minnesota farmer who faces foreclosure by the same bank. "So many farmers are going down the tubes, someone was bound to crack."

The problem has complex economic and emotional factors whose impact stretches far beyond this region's farmfields into factories, grocery stores and political backrooms in every corner of the country.

For years, farmers have been told by bankers and universities that only those who grew larger with efficient capital investments would survive an economic shakeout in which the farm popula-

tion has shrunk from 23 million in 1950 to around 5 million today. As long as inflation kept boosting the value of the land, bankers were only too happy to keep lending. And farming, which had traditionally been a way of life governed by the seasons, fast became more a business governed by concepts such as cost-effectiveness and financial planning.

Many could not adapt and went out of business. Others adapted and still went out of business. They were caught between high interest rates and rising costs for fuel, seeds and fertilizer on the one hand, and static or declining prices for their commodities on the other. This year a major drought struck, adding to the downward pressure on land values and corroding collateral. This week Mr. Utoft will be among many farmers in court trying to show why his farm equipment and other personal possessions should not be seized by the Buffalo Ridge State Bank.

Mr. Utoft is up to date in all his payments. But the bank claims the book value of his property has declined enough to make its loan unsecured. A recent University of Minnesota study showed that in just 180 days last year the average value of one acre of farmland declined \$131, seemingly a modest sum. But it means that 103,000 farm families lost nearly \$4 billion in equity and collateral in just one state.

"It's like this," said Alan Libbra, an Illinois farmer. "For months you bust your gut in the fields — 16 to 18 hour days — plowing, seeding and cultivating the new crop. Then you spend 90 straight days watching everything wither up. And you know you've got a huge note due come fall and there's nothing you can do to pay. You can't work any harder, get any smarter, be any more efficient. It's gone, all gone, and no one seems to give a damn. They take the land that's been in your family for generations. Now, how would you feel about that?"

Whatever the feeling, it is increasingly common. An official of the Farmers Home Adminis-

tration, a major Federal lender, reported last week that as of Aug. 30, 29 percent of its 276,406 borrowers were at least 15 days behind in payments, up from 25 percent a year before. Another 1,273 borrowers had declared bankruptcy and 3,502 had such petitions in the works. At August's end, that had left the agency holding 1,027 pieces of foreclosed property, up from 539 on Dec. 31 and 223 at the end of 1981.

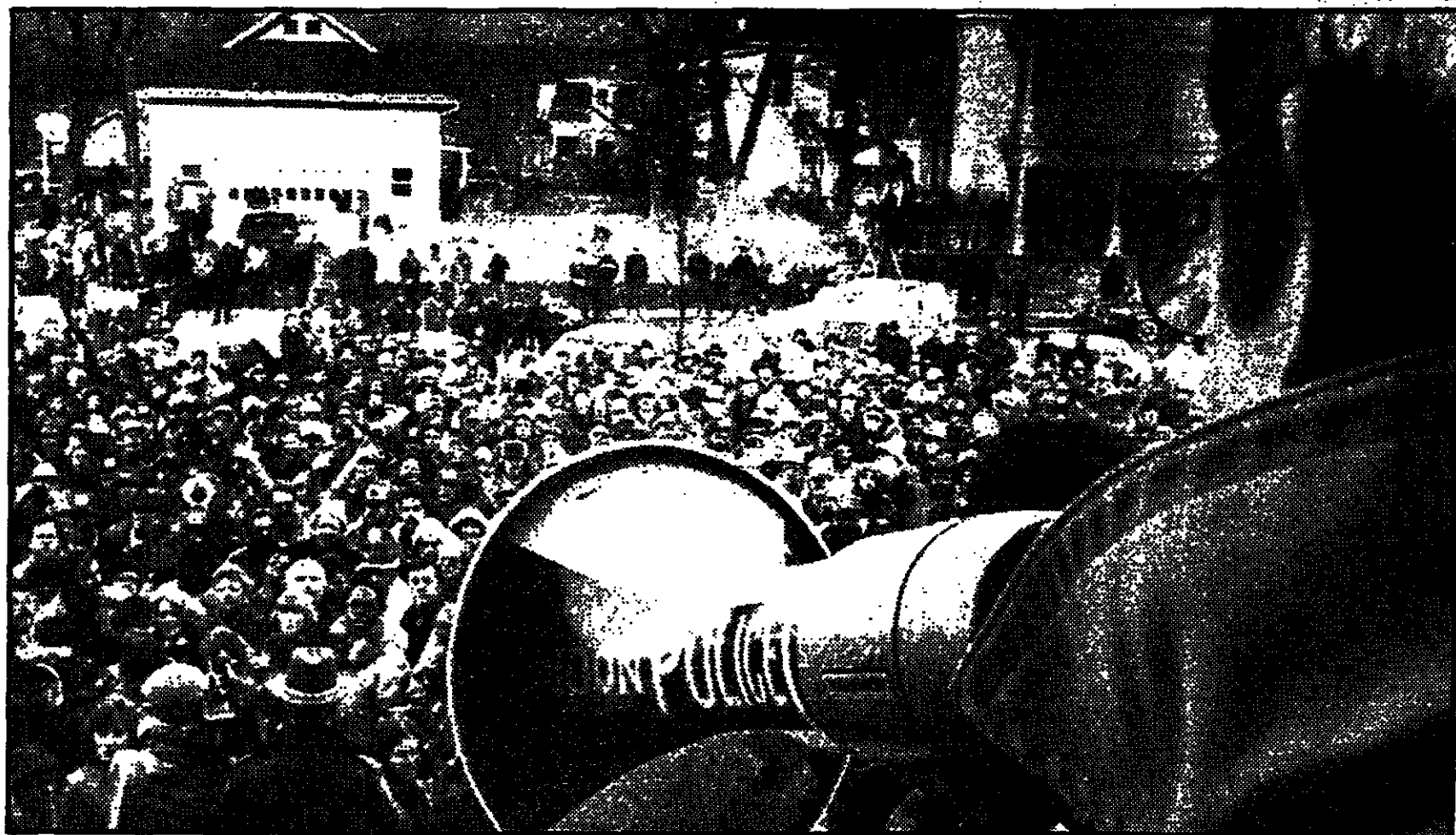
In Kansas, Ben Leighton, president of the Production Credit Association, the farm lender that foreclosed on Mr. Bates, said fully half of his cooperative's 250 borrowers are classified "problem loans," those with serious credit weaknesses requiring abnormal supervision. "Interest is nothing but cancer," said Mr. Leighton as his office building was besieged by demonstrators. "And when you get too much borrowed money, you get too much cancer." He said foreclosures were necessary to protect other members who do make payments. "We're not running a Salvation Army here," he said.

Pushing for Moratoriums

Doctors and ministers in the countryside report rising problems with alcohol and family abuse; Iowa's rural counties have a far higher suicide rate than its cities. To help, farm-labor coalitions have sprouted in most Middle Western states to offer emotional, financial and legal counseling as well as to plan a growing number of protests and push for foreclosure moratoriums and minimum grain pricing legislation.

In Washington, Congressmen like Ed Jones, Democrat of Tennessee, report rising frustration over relief steps. A mortgage foreclosure moratorium measure easily passed the House last spring but has been tied up in the Republican-controlled Senate. Administration spokesmen say the bill is unnecessary because Federal agencies can already defer some payments on a case-by-case basis.

One state, Minnesota, has passed its own moratorium and a minimum grain price bill has passed the state senate. "What if," said Anne Kanten, that state's assistant agriculture commissioner, "a manufacturer walked into his union shop and said, 'Sorry, guys, but due to an act of God, you won't be getting most of your pay this year, but all your debts are due now.' All hell would break loose, wouldn't it? Well, the farmers of the land are organizing now. We'll see what breaks loose."



Farmers demonstrating as auctioneer conducts sale of farm on the steps of the Madison County Courthouse in London, Ohio, earlier this year.

Push for Woman on Ticket Goes Beyond Anti-Reaganism

Democrats, Too, Face a Gender Gap

By ADAM CLYMER

For nearly two years, the fact that women like Ronald Reagan less than men do has frustrated Republicans and cheered Democrats. And when Democratic women began last weekend to press seriously their claim for a Vice Presidential nomination, the occasion got far less attention than more conventional political events, such as straw polls and labor endorsements. But it may have signaled something of greater long-term significance to the Democratic Party: that the "gender gap" is not solely a Republican concern.

Not only does the gender gap mean that women vote more heavily for Democrats than Republicans, which is the Republican problem. It also means they are beginning to expect a return from the Democrats, not just speeches about issues they hold dear but also offices and power.

The available evidence shows no lessening of the trend Republicans worry about. In the most recent New York Times/CBS News Poll, 53 percent of men but just 39 percent of women said they approved of Mr. Reagan's handling of his job. But one corollary of that imbalance has largely gone unnoticed. In 1980, women cast nearly three-fifths of the votes Jimmy Carter got. In 1983, Democratic women are using such statistics to argue that the party owes them.

Whether or not they get either a Vice Presidential nomination or even the "serious consideration" which the men running for President in 1984 promise them, it is likely that they will be heard from, even more insistently, in 1988. Ann F. Lewis, political director of the Democratic National Committee, predicted last week that "1984 will be the last year that all the candidates for President will be male."

But for 1984 itself, the male roster of candidates and near candidates finds the whole area tricky. Senator John Glenn was booed when he tried to tell the National Organization of Women that "we all loafed on the E.R.A. too much." The women thought he meant them and were furious. Then the Vice President whom the women want to run against, George Bush, called the Demo-

crats' courting of NOW "degrading." The organization said that proved once again the Administration doesn't take women seriously. Mr. Reagan sought a safer harbor in Louisville, Ky., Friday, when he told the adulatory National Federation of Republican Women that "because we're looking for the best, we've appointed many women to key jobs" and that he wanted to see more of them in Congress.

The phenomenon that gave the Democratic women assembled at NOW's convention the opportunity to ask for the Vice Presidential nomination is imperfectly understood. Poll takers and politicians have groped for explanations, usually seeing the roots of increasing Democratic tendencies in fears about Mr. Reagan as someone who risks war and as a politician lacking in compassion, especially in economic matters.

Public Explanations

That same Times/CBS News Poll sought explanations from another source, the public. It found evidence of additional reasons for the differences. It found a considerable measure of personal antagonism among women for Mr. Reagan himself. But it also recorded what his aides have argued is part of the explanation — that men like Mr. Reagan's style and personality.

Twenty-one percent of the men in the poll answered yes when asked "Is there anything about Ronald Reagan that appeals to you, as a man, that wouldn't necessarily appeal to a woman?"

The answers were scattered, but focused on toughness and his general style. They talked of his support for a stronger defense, of his old-fashioned views and often of his opposition to the Equal Rights Amendment. A 68-year-old Washington state man said he liked Mr. Reagan because "he's trying to build up our defenses." While women might want to "pull out" of a foreign involvement, he said, "men know the danger." Adjectives like "outspoken" and "tough" and "firm" came up repeatedly. A young Missouri Republican said what he liked was the President's "old fashioned view of the role of men and women in our society."

At the same time, 26 percent of the women

polled said yes when asked "Is there anything about Ronald Reagan that bothers you, as a woman, that wouldn't necessarily bother a man?" Again, the answers were scattered. But more than a third dealt in one way or another with the "women's issues" that most analysts feel have played only a very minor part in the development of the diverging political attitudes.

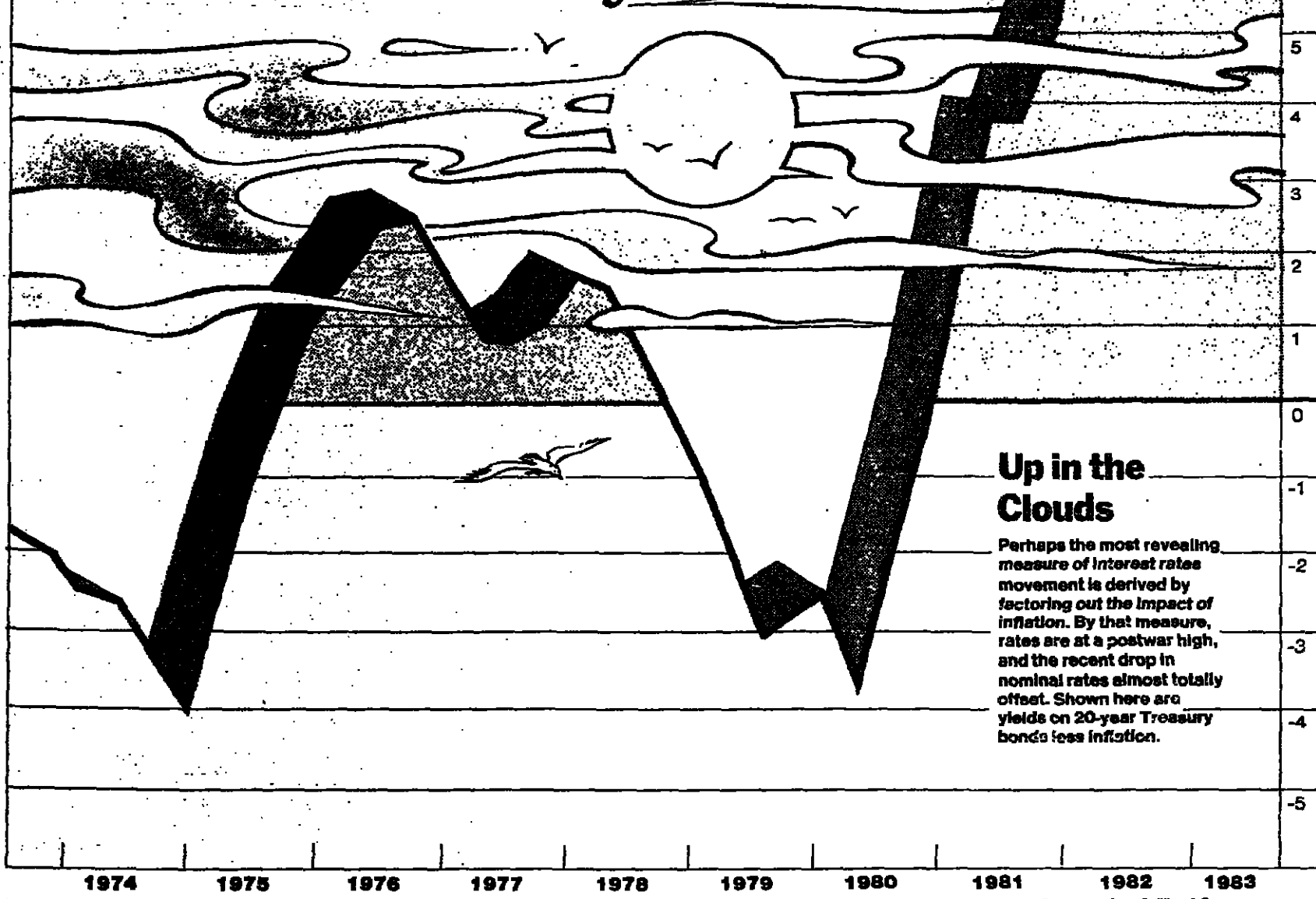
A Wisconsin woman, a 35-year-old independent-leaning Republican who said in general she approved of how he handled his job, complained of "the way he has dealt with women." A 63-year-old Missouri Republican who also approved generally said she was bothered by the President's "making outlandish remarks on women." A 73-year-old Iowa widow, another Republican, gave the poll takers' textbook answer: "He has no compassion for the needy and this is generally more important to women than men."

Asked to explain why Mr. Reagan was more popular with men than women, quite a few respondents answered with hostility toward the other sex. A young New Jersey woman said the President appealed to men because he was a "sexist, chauvinistic old man." A 39-year-old Arizona man said Mr. Reagan was better off with men than women because he "thinks with logic, not emotions." And for simplicity of expression, it would be hard to top these two explanations: "Because men don't know any better," from another New Jersey woman; "Women are irrational," from a man in Wisconsin.

Further efforts toward getting a woman on the Democratic ticket would probably spur that hostility, which appeared most strongly among men who approve of Mr. Reagan's job performance. That might be a high price for an office that even under Mr. Bush has little more than symbolic authority. But it's a step, and to women politicians an important one, in considerable measure as a way to break through some stereotypes. The same poll of 1,587 adults, after all, asked if anyone "active in public life now" had the qualities of an ideal President. Everyone from Mr. Reagan to local ward leaders, from George Washington to God to George Burns, was mentioned. But three respondents picked women.

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Why High Interest Rates Are Here to Stay



Huge deficits, Fed policy and deregulation are to blame, analysts say. But so far the U.S. economy has remained unscathed.

By KAREN W. ARENSON

FOR many Wall Street forecasters, the big question these days is whether interest rates will tumble a point by Thanksgiving, or two by Christmas. Such predictions may be critical to the bond market and may fascinate forecasters, but they hide a deeper truth that in recent months has come to dominate the thinking of an increasing number of economists here and abroad. For the United States economy — the linchpin of the industrial world — has entered a new era this year: one of high interest rates.

No matter what rates are viewed — whether on bonds or bills, Treasuries or corporates, Triple A's or junk bonds — they are higher now than they have been in recent memory and a good deal higher than most economists thought possible at this stage of a recovery. Moreover, it is clear to many analysts that high rates are going to be with us — and, therefore, with much of the rest of the world — for a very long time.

The 5 percent prime, it seems, has gone the way of the 4 percent unemployment rate.

"We are in a new era," acknowledged A. Gary Shilling, an economic consultant. "There is no question that things have changed. We're seeing real rates running close to the 8 percent level, more than two times what we are used to."

Lawrence Chimerine, chairman of Chase Econometrics, the economic forecasting firm, is another economist who is convinced that the past is no longer prologue — that during this business cycle, rates will not tumble as

they have in previous recoveries. Higher rates are here to stay despite the "people who are forecasting sharp declines in rates on the basis that they are higher than they have been historically," he said. "We are now living in a high-rate world."

Though such an assessment would, in times past, have meant danger ahead, for the United States at least, the new era has dawned remarkably trouble-free. The economic recovery that began in earnest last winter now is widely heralded as normal, genuine and even hearty. Though nominal interest rates are still high, they have dropped in some cases to half of what they were just two years before, a shift that has helped to spur recovery.

But for the rest of the world, America's high rates have already had major and even catastrophic effects. They are a key source of dissension between the United States and most of its allies, as well as between the United States and many third world countries. To Europe and Japan, the problem is that America's high rates force them to play copycat, hampering their ability to stimulate their own economies.

For developing nations, the situation is even worse. High rates push up the burden of their heavy indebtedness and simultaneously make it harder for many to export their commodities to slow-growing importer nations. "Our high rates are really savaging the LDC's," noted C. Fred Bergsten, director of the Center for International Economics in Washington, referring to the economic woes of the less developed countries.

But in the long run, the United States, too, would suffer from high rates, analysts say. They foresee a slowdown in growth, changes in consumer spending patterns and new ways of doing business. In fact, analysts point out, some signs of this are already evident.

HOUSING and auto sales, for example, although strong, are probably not as vigorous as they would be in the face of lower rates. And some companies are experimenting with around-the-clock shifts in order to better utilize plant facilities and equipment.

Allen Sinai, chief economist at Lehman Brothers Kuhn Loeb, predicted that after a few years of continued high rates "we will see less of our economic pie going into such things as housing, automobiles, net exports and capital goods."

That world may be just around the corner, because a long run of high rates seems virtually guaranteed. Economists blame the climb in rates today on at least three factors: deregulation of the financial industry, huge Federal deficits and the Federal Reserve Board's continuing preoccupation with fighting inflation. And none is likely to go away.

Perhaps what is most striking about the movement in rates is the refusal of real interest rates, measured after inflation, to fall, even though nominal, or actual, rates have come down substantially. The source of the discrepancy is that while interest rates have fallen, inflation has dropped more sharply.

Even 15 percent interest rates seem modest if inflation is 20 percent. But 8 percent interest rates can be devastating if inflation is zero. So to home buyers, to business executives and to anyone who has to borrow money, the true measure of the debt burden is the real rate — the difference between actual interest rates and inflation.

SHORT-TERM interest rates are now hovering around the 9 percent level, barely half of what they were just two years ago. Mortgage rates are about 13 percent, down from more than 17 and 18 percent levels that shut down housing activity.

As Francis H. Schott, senior vice president and chief economist at the Equitable Life Assurance Society of the United States, points out, the last time inflation was in the current 4 percent range — in early 1978 — short interest rates were in the 5 percent range and long rates were about 9 percent. Long rates now are up around 12 percent. Moreover, after inflation, which is how economists usually measure the true cost of interest rates, rates now are roughly twice as high as their more traditional levels since World War II.

There was no single, cataclysmic event, like the formation of OPEC or civil war in Iran, to signal to the world that a new era of higher rates had been entered. Rather, there was a series of events and reactions, including:

- The deregulation of the American financial system. The unleashing of the banking system may have been inevitable. But the result has been that the regulatory structure that held down the cost of money to banks

Economy

— such as legal limits on how much interest consumers could earn on deposits and prohibitions against interest on checking accounts — has been swept away in a few short years. Economists estimate that the higher cost of bank funds probably has raised the general level of interest rates by about 1½ percentage points.

• The huge Federal budget deficits. Many investors fear that the presence of the deficits will in some way trigger higher inflation. Whether these fears are valid or not, most economists agree that the deficits are causing investors to demand higher premiums on long-term investments as a precaution.

• The continued fickleness of interest rates. Volatility increased substantially beginning in 1979, when the Fed decided to abandon its system of targeting rates and pursue other strategies instead. Violent shifts in interest rates have led investors to insist on higher rates as protection against getting caught in the sudden swings.

• The Fed's apparent determination to continue to make fighting inflation its No. 1 priority. Analysts say the Fed has continued to hold a tight rein on money supply growth to keep economic growth moderate as a way to avoid inflation. And many of them expect the Fed to continue along this path in order to push inflation down further, even at the risk of touching off another recession.

Despite the recovery, high rates, for the most part, are described by economists in negative terms, as slowing down investment and spending just as the economy is emerging from the most serious recession since World War II.

But not everybody thinks higher rates are all that bad — at least for the United States. It is widely recognized, for example, that after a decade in which real rates were low, or negative, rates had to rise if investors were to be lured back to bonds and other investments. Some economists also look upon higher rates as a means to squeezing out some of the excesses of the 70's. During that decade, sharp rises in the prices of oil, food and other commodities, touched off an inflationary spiral. This pushed real interest rates to negative levels not once but twice, leaving behind a trail of disgruntled investors.

"With higher rates, we will have a much less speculative economy, a much less inflationary economy, and a much slower growth economy," said the consultant Mr. Shilling, who believes this is a turn for the better. Edward Guay, chief economist at the Cigna Corporation, the insurance company, is another analyst who does not lament the loss of lower rates. "The economy will work differently from the way it has worked in the last decade, but that could be healthy," he said. "What it means is that the scale of what is acceptable as return on investment will change dramatically, but it does not mean that investment spending will be shut off. We wasted billions of dollars in the last 10 years expanding steel mills that should have been scrapped altogether. Interest rates don't have to be negative in order for the economy to grow."

But if there is something to be said for higher rates than those in the 70's, that does not address the question of how high is "acceptable." Nor does it address the fact that different sectors of the economy will be affected unevenly, or the very real adjustment process that must take place in the United States and the rest of the world.

Of course, while the use of debt is intricately woven throughout the economy, some sectors, such as housing and capital investment, are more susceptible to the effects of interest rates than others. Not surprisingly, economists predict that these more rate-sensitive sectors will be battered more.

ECONOMISTS say that the recovery has managed to survive — and even thrive — in the face of higher rates for a variety of special reasons, including pent-up demand for housing, concessional financing arrangements by automobile dealers, and the strong stimulus from Federal Government spending that continues regardless of how rates behave.

Homebuilding, for example, is running at an annual rate this year of about 1.7 million units, still below the 2.4 million units per year of the halcyon days of 1972. But this is well above what housing experts would have expected under the circumstances. And in August, the rate rose to 1.9 million units.

"If anyone had told me a few years ago that we would be seeing this level of housing activity with these interest rates, I just would not have believed it," said James Freund, director of economic research for the National Association of Homebuilders.

He points out further that there have been a number of special arrangements, such as creative financing by sellers and pools of lower-cost mortgage money provided by states issuing mortgage revenue bonds. But another explanation, Mr. Freund said, is that "people are obviously willing to sacrifice because they want and need housing." The questions there, he added, are how much people are willing to sacrifice and which other sectors in the economy will see less money as a result.

State and local governments have also been battered by recent interest rate trends. A report issued last month by the General Accounting Office, for example, found that "33.9 billion in planned bond sales were canceled or postponed in 1982 because of changing interest rates." Furthermore, the G.A.O. estimated that nearly \$2 billion of these canceled or delayed financings "adversely affected the progress of infrastructure projects."

WEEK IN BUSINESS

Argentine Intrigue Surrounds a Banker

Argentina teetered on the brink of default for several days, with its central bank president in jail, all repayments halted on its \$40 billion of debt, and a much needed injection of \$500 million in new funds shut off. Julio Gonzalez del Solar, the Paul Volcker of Argentina, was arrested upon his return from the recent I.M.F. meeting in Washington by a federal judge in the Patagonia region. Judge Federico Pinto Kramer charged that the banker had compromised Argentina's sovereignty in a \$500 million re-financing agreement signed with New York banks that gave them some jurisdiction over payment disputes. Two days later, after a nationwide work stoppage and pressure for repudiation of all debt payments, a higher court stripped Judge Pinto Kramer of jurisdiction in the case and set Mr. Gonzalez del Solar free.

Meanwhile, 66 major banks — representing 800 others — agreed to a request by Brazil for a longer repayment period and lower fees and interest rates on two loans totaling \$11.5 billion. Brazil rejoiced.

Taxes in abeyance. Though Marc Rich currently prefers Spain to the United States, he may be paying the \$90 million in back taxes, interest and penalties to the United States Government sooner than he thinks. Judge Richard Owen granted an I.R.S. request to seize \$90 million in assets



Julio Gonzalez del Solar

from Clarendon Ltd., a former Marc Rich unit, after the U.S. Attorney prosecuting the case disclosed papers that showed Clarendon had liquidated about \$750 million of assets between March and August. But the I.R.S. encountered another pocket of resistance. The banks holding the Clarendon assets protested the move, saying they had first rights to the money for outstanding loans.

Departures. Mary Cunningham decided she couldn't serve two bosses. The 32-year-old vice president for strategic planning at Seagrams is leaving her position to work full-time with her husband, William Agee, in his venture capital firm, Semper Enterprises. Gary Friedman had little choice about staying or leaving. The co-founder of Fortune Systems, a troubled desk-top computer maker, was forced by the company's board to resign as chairman, president and chief executive. The reasons were described as "differences in management style."

Hope for the deficit? Treasury Secretary Donald Regan surprised his audience at the U.S. Chamber of Commerce when he predicted that the budget deficit in the current fiscal year could drop to the \$100 billion area, considerably below earlier projections of \$170 billion. The secretary cited faster-than-expected growth and lower unemployment as reasons for his rosy prediction. And the economic news gave him some support. Unemployment fell three-tenths of 1 percent in September to 9.1 percent of the work force — the lowest level in 18 months. August factory orders and building outlays rose 1.1 percent and 2.4 percent respectively; manufacturers' shipments were 1.6 percent higher and inventories increased seven-tenths of 1 percent — the big-

gest monthly rise in two years. Some Wall Street economists continued to be optimistic about the recovery. Sam Nakagama noted in his latest newsletter that "any conclusion that the economy has undergone a significant deceleration is decidedly premature."

Stocks, still highly sensitive to interest rate expectations, rose throughout most of the week as rates continued to fall. The Dow Jones industrial average closed at another record high of 1,272.15, up more than 39 points. And even though the money supply figure on Friday showed an unexpected \$600 million jump, the markets remained fairly stable because M-1 is still within the Fed's target range.

Continental continued to fly despite a strike by its pilots and flight attendants, yet at a very reduced rate. The airline that filed for bankruptcy last month and cut out 80 percent of its flights, reduced the remaining routes by another 30 percent as the strike took effect. At the same time, Eastern Air Lines, which warned of a possible bankruptcy filing itself, secured some concessions from its workers. A large majority of its nonunion workers accepted a 15 percent pay cut and almost half its flight attendants urged a vote on a similar proposal.

Nathaniel C. Nash

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCTOBER 7, 1983

Company	Sales	Last	Net Chng
ATT	5,644,100	84%	+ 3%
IBM	5,367,900	132%	+ 5%
Chrysler	5,331,200	32%	+ 2%
Mer Ly	5,014,100	36%	+ 3%
RCA	4,359,300	34%	+ 2%
A Exp	4,175,700	39%	+ 3%
Ford M	3,981,500	55%	+ 4%
Gulf Oil	3,970,800	44%	+ 2%
G Mot	3,858,600	76%	+ 2%
Exxon	3,856,300	37%	+ 4%
Citicorp	3,844,800	36%	+ 4%
Smk B	3,818,900	65%	+ 4%
AMR Co	3,583,900	29%	+ 1%
Gen El	3,525,200	56	+ 3%
P Sv Col	3,430,600	18%	+ 1%

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,412	630	2,226	243	22
Prev. Week	786	1,189	182	33

VOLUME

Total Sales	Last Week	Prev. Week
491,119,180	15,623,002,422	14,405,479,127

WEEK'S MARKET AVERAGES

High	Low	Last	Net Change
115.1	111.4	115.0	+2.67

Index	Last Week	Prev. Week
Dow Jones	97.3	92.5
NYSE	49.7	48.3
Finance	98.8	95.1
Composite	98.8	95.5

Standard & Poor's

400 Indust ... 193.9 184.8 182.3 +4.98

20 Transp	31.7	29.8	31.4	+1.22
40 Util	70.3	66.7	69.6	+5.51
40 Finance	19.3	18.2	18.2	+0.78
500 Stocks	172.1	163.9	170.8	+4.73

Dow Jones

30 Indust ... 1280.2 1216.2 1272.1 +39.02

20 Transp	591.4	564.2	566.7	+25.12
15 Util	140.7	133.5	138.9	+7.49
65 Comb	510.2	482.7	508.3	+42.20

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED OCT. 7, 1983

Company	Sales	Last	Net Chng
ImpCh	5,723,800	8%	+ 1/2
Wang	2,192,500	38%	+ 4%
DomeP	1,365,400	345/16	- 1/4
TextAir	771,300	6	+ 4
ContA	656,000	4 1/4	+ 1%
Amhl	653,800	19 1/4	+ 1/2
AlzaCo	611,600	19 1/4	- 1/4
TIE	480,300	37 1/2	+ 3/4
WhEnt	470,200	12 1/4	+ 1%
Ozark	465,700	10 1/4	...

MARKET DIARY

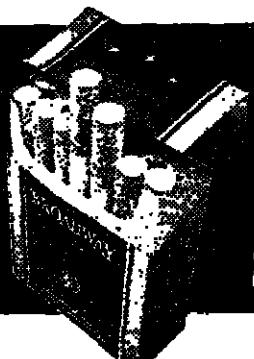
Advances	Declines	Total Issues	New Highs	New Lows
422	294	363	919	26
Prev. Week	294	505	924	36

VOLUME

Total Sales	Last Week	Prev. Week
36,880,105	1,683,323,494	1,683,323,494

BROADWAY 80

WARNING — The Ministry of Health has determined that smoking is harmful to health



I'm glad I changed.

The New York Times

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ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVILLE DRYFOOS, Publisher 1961-1963

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A. M. ROSENTHAL, Executive Editor
SEYMOUR TOWSE, Managing Editor
ARTHUR GELB, Deputy Managing Editor
JAMES L. GREENFIELD, Assistant Managing Editor
LOUIS SILVERSTEIN, Assistant Managing Editor
MAX FRANKEL, Editorial Page Editor
JACK ROSENTHAL, Deputy Editorial Page Editor
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TOM WICKER, Associate Editor
JOHN D. POMFRET, Exec. V.P., General Manager
LANCE R. PRIMIS, Sr. V.P., Advertising
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RUSSELL T. LEWIS, V.P., Circulation
JOHN M. O'BRIEN, V.P., Controller
ELISE J. ROSS, V.P., Systems

Unburden the Arms Build-Down

The Reagan Administration has finally negotiated a strategic arms deal — but only with key members of Congress, not the Russians. Its flexible-sounding proposal for a "build-down" — trading safer new warheads for unsafe older ones — is a nod to some legislators to win their support for missile budgets. But it's been grafted to a familiar demand that Moscow restructure its missile forces much more than Washington.

Even if not so encumbered, the build-down would require years of negotiation, and a decade or two to accomplish. The best way to get there is still through a compromise on pending proposals for sizable cutbacks.

The appeal of the build-down is that it would reward the superpowers for shifting to less threatening missiles as they modernize. For example, deploying a desirable, mobile single-warhead missile might be allowed for dismantling only one old warhead. But building an undesirable immobile multi-warhead missile might require dismantling two old warheads for every new one.

President Reagan's new proposals adopt this idea, contributing significantly to the arms discussion. But they demand a simultaneous build-down in "destructive capacity," or missile throw-weight, which is just another way of again demanding sharp cuts in Soviet land missiles. It's unrealistic — even in return for the cuts in American bomber payloads that may now be offered.

The Administration's most valid concern arises from the asymmetry in Soviet and American strategic forces. They are roughly equal in total destructive power. But much of America's is in relatively unthreatening, second-strike weapons aboard submarines and bombers; most Soviet power is in multi-warhead land missiles that pose a theoretical "first-strike" threat.

What is worrisome in this imbalance, however, is not the size or throw-weight or accuracy of Soviet missiles, as the Administration contends. The danger lies in multi-warhead missiles facing immobile missiles, producing a theoretical "exchange ratio"

advantage for a pre-emptive first strike — an attacker's calculation that he could spend one missile with ten warheads to destroy five enemy missiles with 50 warheads.

Abandon multi-warhead weapons and a first-strike becomes unthinkable: It would take at least two single-warhead missiles to destroy one enemy warhead and an even greater ratio to take out mobile weapons.

Stable deterrence in the longer run requires a gradual shift toward single-warhead missiles. But to keep focusing on throw-weight is to keep asking the Russians to scrap half of their land forces. They won't anytime soon and stability has to be improved initially in other ways.

The obsession with throw-weight also gets in the way of two promising arms control concepts. One is the Scomcroft Commission's endorsement of shifting to single-warhead missiles. The other is the build-down idea advanced by Senator Cohen, Representative Gore and four colleagues. Both groups agreed to support the MX missile in return for acceptance of their ideas. But the Administration accepts them more in principle than in deed. It's pushing for a 10-warhead MX in vulnerable silos, not for a mobile one-warhead Midgetman.

The build-down idea, in any case, cannot be attained in less than 10 years. It is the most complicated arms control idea ever.

In the meantime, there is no reason for not seizing on the pending offers of reductions. The Russians have proposed cutting the missile and bomber ceiling of 2,250 in the unratified SALT II treaty down to 1,800; the United States has proposed about 1,600. That is a negotiable distance. By converting these numbers into warhead equivalents, President Reagan might be able to achieve much of the cutback he initially proposed, from about 7,500 to 5,000 missile warheads on each side.

Something along these lines is said to have been urged by the State Department in recent days. Such a reduction would set the stage for build-down and represent a valuable achievement in its own right.

Immigration Reform, O'Neill Style

A champion for fairness: That's the role House Speaker O'Neill has played when confronted with severe Reagan Administration cuts in spending to help the poor. Last week, by killing the immigration reform bill, Mr. O'Neill created a much less heroic image: of someone who, for coarse political gain, traffics in consummate unfairness.

The Simpson-Mazzoli reform bill has been constructed as intricately as a clock, to achieve two big goals. The first is finally to give the country the ability to stop illegal immigrants attracted across the Mexican border by our economic magnetism. The second is to remove the cloud of exploitation that hangs over untold thousands of illegal immigrants already here.

The Speaker seems indifferent to those aims. His aim, he says bluntly, is that the Democrats not antagonize Hispanics, whose leaders oppose the bill. Thus, though the bill has once again sailed through the Senate by a huge bipartisan margin, Mr. O'Neill won't take it up in the House.

Strangling the Simpson-Mazzoli bill, however, does not mean no legislation on immigration this year. By failing to act to protect the border, Congress will in effect sanction an increase of 200,000 immigrants over the present legal total of about 500,000. And to do that — to legislate negatively in that way — is three times unfair.

For one thing, all those 200,000 are illegal. To endorse their entry, even implicitly, is to sneer at hundreds of thousands of would-be entrants waiting patiently and properly to be admitted legally. Why reward gate-crashers at the Mexican border when the Mexican wives or children of migrants who are now permanent U.S. residents must wait nine years to enter legally?

The second unfairness concerns country of origin. Most of the 200,000 illegals would come from Mexico. Granted, the United States has special ties to Mexico. The Simpson-Mazzoli bill would recognize those ties by doubling legal immigration from Mexico. But people from other countries, too, have just claims to entry.

If Congress affirmatively increased immigration by 200,000, it's inconceivable that all the slots would be allotted to one country. By what logic or fairness does Mr. O'Neill acquiesce in an illegal system that gives all or most of them to Mexicans?

Meanwhile, potential migrants from other countries also reflect political constituencies. Why is the Speaker concerned so exclusively with the interests of Mexican-Americans and indifferent to those of people from Korea or El Salvador or Taiwan or other countries with long waiting lists?

The third unfairness concerns amnesty. The bill is the sort of conscientious and humane legislation that ought to appeal to Tip O'Neill. It would let daylight into the lives of a million or more people who, though they may have lived in this country for years, are so afraid of detection that they often won't go to the police even when robbed or beaten. Killing Simpson-Mazzoli kills amnesty.

Is there now any reason for hope for immigration reform before 1985? Probably not, not even if Ronald Reagan, Edward Kennedy and Lane Kirkland of the A.F.L.-C.I.O. stood hand in hand on the Capitol steps and voiced their support for the bill. But while they might never do so in unison, all three men in fact are for it, at least for much of it. They, Mr. Speaker, recognize that it is fair.

Topics

Truth in Packaging

The Sponsors' Message

There are no commercial interruptions on an experimental cable television channel called Cableshop. That is, the commercials aren't interrupted at all. The cable idea that brought us the all-news channel, the all-music channel and the all-sports channel has now produced the all-advertising channel.

All advertising? It sounds like a joke. Don't viewers recoil? On the contrary, according to the current issue of Channels, the television magazine. A nine-month experiment in Peabody, Mass., showed that many viewers like the all-ad channel better than standard network entertainment programs. The less polished the commercials the better. A majority of viewers, who "describe conventional TV spots as 'not at all useful,'" praised those on Cableshop.

The explanation lies in that word useful. For instance, on Cableshop, a national retailer advertises locks by explaining various ways to protect a

home. An insurance company's ad is done in a news feature format. In other words, though it's called an advertising channel, it offers something more: information.

Change of Address

In real estate, it is said, only three things matter: location, location and location.

Some real estate developers also seem to believe there is a big difference between location and address. The location may be second-rate, or Second Avenue, but if the City Council can be persuaded to use its legal powers to rename streets, a new and prestigious name may be affixed to a bit of the unfashionable thoroughfare, thereby compensating for the inferior location at almost no cost.

No cost, that is, except to a stranger searching for an address: totally unrecognizable by security guards, lotterers, police officers and others who have lived in the vicinity

all their lives. An office building at Second Avenue and 47th Street, for example, has neither in its address. The building is on the west side of the avenue, which for this one block without warning becomes Hammarckskjold Plaza. A Hammarckskjold address is surely worth more rent than a mere Second Avenue one — even if nobody can find it.

Similarly, the west side of Eighth Avenue has become Pennsylvania Plaza for one block between 33d and 34th Streets. Instead of bearing an Eighth Avenue address, the building at that location is called 5 Pennsylvania Plaza. Finding it has all the thrill of unearthing buried treasure because 2 Pennsylvania Plaza is a block south and a block east, facing Seventh Avenue, while 4 Pennsylvania Plaza is on the north side of 31st Street.

To look for 5 Pennsylvania Plaza is to long for the days when finding an address in midtown Manhattan was like counting on one's fingers, and politicians didn't confuse real estate interests with the public's.

Letters

Aging: Timeless Estate, Not Terminal Illness

To the Editor:

Messrs. Levin's and Arluke's article "Our Elderly's Fate" draws attention to a uniquely pressing problem in our culture — that of the misjudgment and maltreatment of our elderly (Op-Ed Sept. 29).

We are unique, even in the Western world, in regarding the elderly as biodegradable and superfluous, instead of what they really represent: a biological elite who, with weathered wisdom, have much to offer the world.

Aging is not a terminal illness, but a timeless estate, a rich inheritance, and is so treated in most cultures.

It is not true, as Levin and Arluke state, that "In many preliterate cultures, sick and dependent elderly people were cast out of their homes, starved, stoned, buried alive or deserted."

On the contrary, it has been almost universally true that the old have been regarded as the repositories of tradition and wisdom and the conservators of the mores. This has given them a prestige and a reverence that has seldom been ignored.

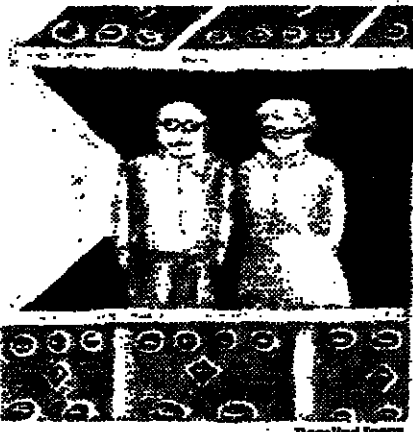
Where the old have been abandoned or killed it has not been because they were burdensome, but by reason of the belief that it is for their benefit, something that made their often wanted extinction an extreme and ultimate service of respect and honor.

ASHLEY MONTAGU

Princeton, N.J., Oct. 1, 1983

To the Editor:

While correctly observing the fate of today's elderly, Jack Levin and Arnold Arluke failed to include what may well be the most important rea-



Respected IVens

son for the conditions they deplore: the virtual non-existence today of the extended family.

That was the place where the elderly could, literally and figuratively, feel at home; where even in the declining years they could perform some productive functions; and where they could expect to face their final moments among loved ones.

Ideally, the various government programs to help needy elders should exist in addition to, not in place of, the

family. Some of the elderly — those fortunate enough to be in good health and in good financial circumstances — have adapted their lives by substituting volunteerism and recreational activities to give meaning to their lives and to combat loneliness.

Regrettably, the trend among today's younger generation tends even farther away from family life, as cell-baby becomes an increasingly accepted life style, interrupted only by limited serial relationships.

Not all of today's young will reach old age in good health and financial independence. The thought that for many of them the state may be the only "family" in their later years, is a disturbing one.

WALLY V. KOCH

Fair Lawn, N.J., Sept. 30, 1983

To the Editor:

No one can accuse Professors Levin and Arluke of being confused by the facts in their double-thinking diatribe about the nation's elderly facing mandatory extermination. Never before in the nation's history have the elderly enjoyed such political power, such wealth, such health care. Social Security payments have multiplied exponentially over the past decade. And yet in all this beneficence these paranoid sociology professors see portents of the Nazi extermination camps. Has sociology abandoned all pretensions of rationality?

C. W. GRIFFIN

Denville, N.J., Sept. 30, 1983

Grimm 'Fairy' Tales as the Lore of Law

To the Editor:

The exciting discovery of another Grimm "fairy" tale may have implications beyond those indicated in Mr. McDowell's report ("A Fairy Tale by Grimm Comes to Light," Sept. 28). We must remember that the tales which the Grimm brothers elicited in the early 19th century from aged storytellers in Germany's remote regions are, for the most part, the lore of law.

Jacob Grimm was a lawyer who had studied with the founder of the historical school of jurisprudence, von Savigny. Both Jacob and Wilhelm were superb philologists and historians. They did indeed find the vestiges of the law of pre-literate German society in the form of parables, tales and precedents. Knowledge of this law could only be transmitted from generation to generation by word of mouth, around the campfire or hearth.

Take the various stories in which the witch dies a fire death. Surely these gruesome stories were not meant to be bedtime entertainment for children; in fact, they give kids the goosebumps or even nightmares. These stories can only be taken as

education in law for the younger generation: Rule — witchcraft is punishable by death by fire.

Other fairy tales deal with the detection and punishment of murder, professional thievery, fraud and a variety of other offenses. Indeed, a whole code of law emerges from the Grimms' "fairy" tales. To this code another rule can likely be added as a result of the newly discovered "fairy" tale: Child abandonment with good motives and for justifiable ends is excusable. Closer study may reveal even further lore of law in the new tale: the right or duty of parents to protect their children from the ravages of war. How very contemporary!

But then, of course, the origins of the newly discovered tale probably date no further back than the Thirty Years' War (1618-1648), making it one of the younger law lores or "fairy" tales. Perhaps "fair" tales would be a better term, for in all of the stories the "fairy" is usually the dispenser of fairness or justice.

GERHARD O. W. MUELLER
Professor of Criminal Justice
Rutgers University
Newark, Sept. 30, 1983

Weighing Business Spending on Initiatives

To the Editor:

While Robert Lindsey's news article of Sept. 17 provides a good overview of the growing use of the initiative process by citizens' groups, it seriously understates the extent and effect of business spending in such campaigns.

Figures compiled by the Council on Economic Priorities show that in the 18 initiative campaigns undertaken last year that pitted business groups against citizens' groups, the business-backed side spent \$29.7 million. (Spending by the citizens' committees amounted to \$6.7 million.)

In three other campaigns business spent on both sides for an additional \$1.8 million. Thus total business spending in 1982 was \$31.5 million (not \$20

million as suggested in the article).

Moreover, this business spending appears extremely effective. Of the 18 campaigns where business opposed citizens' groups, the business-backed side financially dominated 16 campaigns and won in 13 of them. In the two cases where the business-backed side did not outspend its opponents, it lost.

Although the U.S. Supreme Court has ruled for the moment that corporate spending on such campaigns cannot be constitutionally limited, an ongoing, careful examination of the full effect of this spending on the democratic process is essential.

STEVEN D. LYDENBERG
Research Associate
Council on Economic Priorities
New York, Sept. 22, 1983

Gromyko Was Kept From Landing for Public Safety Reasons

To the Editor:

I read the editorial of Sept. 21 commenting on the decision taken by Governor Kean and myself to bar Aeroflot from landing at J.F.K. and Newark airports. You may have not known fully the basis for my order. I want to outline briefly, again, the reasons why I took this action.

Two weeks ago, the U.S. State Department requested, via the Port Authority, that Governor Kean and I allow two Soviet Aeroflot planes, carrying Soviet Foreign Minister Gromyko and a group of delegates, to land at Newark or J.F.K. airports last week. President Carter had imposed a nationwide ban on Soviet commercial flights landing at the Port Authority airports following the Soviet invasion of Afghanistan.

Over this two-year period, approximately six to eight special diplomatic flights were allowed to land at the request of the State Department. There were, however, in this particular instance, critical safety and security considerations that could not be overlooked.

The executive director of the Port Authority had informed Governor Kean and me that Port Authority police were concerned that the presence of Soviet aircraft at these two commercial airports could incite angry public demonstrations that would strain the resources of Port Authority security and other forces, and possibly endanger lives and property.

In addition, he told us he learned that ground crew and union personnel would not only be unwilling but hostile to the notion of unloading, servicing or refueling the Aeroflot craft. Many of the employees had personally handled the Korean flight

007, which originated at J.F.K. For these reasons, Governor Kean and I were not inclined to allow the Aeroflot planes with the Soviet Foreign Minister and delegates to land at either airport. We were not, I may point out, "pretending" about these threats to order; they were real ones and difficult ones to handle.

I was aware of the 1947 U.N. agreement facilitating free and open travel by delegates into New York City for U.N. General Assembly sessions. However, the issue presented here was not whether Soviet diplomats would be denied access to the U.N. by two Governors intent on "managing" U.S. foreign policy.

The Russians could still arrive by commercial flights into J.F.K., if they wished, which would not have raised safety issues — a route most of them eventually did choose; and they had the option of landing Soviet planes at a U.S. military airbase. Indeed the existence of these two alternatives convinced me that Mr. Gromyko really decided to cancel his

visit to the U.N., to avoid facing world censure, not because Governor Kean and I kept the lid on the Aeroflot flights.

The other consideration facing me was that granting special permission in this case would send an inappropriate signal to the people of my state — and to the world — that I believed it was time to resume business as usual with Soviet authorities only days after their inexcusable action in shooting down a civilian airliner, killing all the people aboard, including many Americans and residents of New York State.

The decision was, then, a clear one for me. I chose, along with Governor Kean, not to grant a waiver of the ban in this instance, primarily for public safety reasons. In turn, this served as an act of public reprobation that bespoke to the world our sense that human life and civilian commerce could not be treated so wantonly by any nation.

MARIO M. CUOMO
Governor

Albany, Sept. 28, 1983

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مكتبة الأمل

WASHINGTON — Five years after Camp David and one year after the Reagan Plan — both high-water marks of constructive United States engagement on behalf of peace in the Middle East — our Middle Eastern policy is in shambles.

Reacting to events tactically, the United States has been reduced to playing a subordinate role. Militarily, America is acting as an auxiliary to the Lebanese Army and, politically, as a proxy of Israeli foreign policy.

Most tragically, perhaps for the first time ever, uniformed Americans have been dying neither in defense of American national interest nor on behalf of any genuine American policy objectives. The longer-term beneficiary of this disastrous turn of events is likely to be the Soviet Union.

The other day, in justifying what is happening, Secretary of State George P. Shultz declared that "the crisis in Lebanon cannot be isolated from the larger Middle East crisis.... Progress toward a peaceful solution in Lebanon will contribute to the broader peace process; setbacks in Lebanon will make the broader effort that much harder." What was strikingly missing from his pronouncement was any acknowledgment of the critically important truth that the opposite connection is even more important: Lebanon cannot be restored without serious and tangible progress in the Arab-Israeli dispute. It was that dispute that destabilized Lebanon in the first place and produced the destructive chain of events of the last year.

The central fact is that Lebanon, as a multi-ethnic and religious compromise, became unstuck as a consequence of the Arab-Israeli dispute. First, the large-scale influx of Palestinians into Lebanon upset the fragile balance within that country between the Maronite Christians and the Moslems. The resulting strife then precipitated the entrance of the Syrians into Lebanon, in part to promote the Moslem cause and in larger part to restore Syrian domination that existed before the creation of the Lebanese entity under French rule. Finally, continued strife in Lebanon, the increased Syrian military presence and the use of Lebanon by the Palestine Liberation Organization for incursions against Israel precipitated the Israeli invasion last year, with its further destabilizing impact on the fragile fabric of Lebanese society. The cumulative effect has been the collapse of the Lebanese compromise and the resulting civil strife.

That strife cannot be undone by a political pastiche designed purely as a solution to the Lebanese problem. It is only a matter of time before the current cease-fire collapses. An enduring solution for Lebanon must somehow take into account the Palestinians' presence, which automatically intrudes the Arab-Israeli dispute into the Lebanese issue, and it must also deal satisfactorily with both Israel's and Syria's security problems. It is difficult to imagine the Syrians acquiescing in a permanent solution for Lebanon that results in a pre-eminent Israeli role, including the de facto incorporation of southern Lebanon into Israel, and that at the same time leaves the Golan Heights

Zbigniew Brzezinski was national security adviser under President Jimmy Carter. He is now professor of government at Columbia University and senior adviser at the Center for Strategic and International Studies, at Georgetown University.

permanently in Israeli hands. In one way or another, the future of Lebanon is thus linked organically to the Arab-Israeli dispute.

Indeed, it was because of the United States effort to resolve that dispute that Menachem Begin and Ariel Sharon quite deliberately sought to preoccupy the United States with Lebanon. Diverting United States diplomatic efforts into Lebanon and involving the United States in a protracted diversionary crisis was the most effective way of derailing the Reagan Plan for a Jordanian-West Bank confederation. Moreover, the more the United States became engaged in Lebanon, the more likely it was that eventually the United States would become a protagonist in the conflict, pitted more directly against the Palestinians and the Syrians.

That is precisely what is now happening. The United States is on the brink of becoming plunged in military activity against the Palestinians and the Syrians. The result of such involvement is likely to enhance the standing of Syria in the Arab world as the authentic voice of Arab nationalism. Even moderate Arab governments unsympathetic to Syria would find themselves under popular pressures in the face of Syria's willing-

ness to stand up to an America perceived by the Arabs as a military proxy of Israel.

Our prospective Presidential candidates, on both the Republican and the Democratic sides, are already beginning to compete in militant rhetoric, the effect of which is likely to further diminish the United States' ability to act as a mediator in the Middle East and to further transform America into a protagonist.

The historically more farsighted Israeli statesmen probably realize that, in the longer run, Israel's security will not be enhanced by a Middle East that is further destabilized and radicalized. Indeed, not enough thought has been given to the extraordinary opportunities for Israel's prosperity in the event of a genuine Middle Eastern peace. However, the more militant leaders bent on incorporating the West Bank into Israel certainly welcome developments that have the effect of making the United States a direct military antagonist of the Arabs. This not only polarizes the Middle Eastern conflict in a manner that is welcome to them, but also it creates additional openings for the incorporation of the disputed territories.

From a geopolitical and strategic point of view, the most serious aspect of this development is that it is likely to redound to the Soviet Union's advantage. Without becoming directly engaged, but merely providing military assistance to Syria, the Soviet Union can reap the benefits of growing Arab resentment against the United States and of the continued absence of peace in the Middle East.

I have long held the view that the Soviet Union has no interest in a con-

America's Mideast Policy Is in Shambles

By Zbigniew Brzezinski



structive settlement, and that is why it should not be a party to any American-sponsored effort to promote Arab-Israeli reconciliation.

The Russians' interests are best served by continued turmoil, and they are likely to be served best of all if American policy and military action create the pervasive impression of one-sided support for Israel's maximum objectives.

It is also only a matter of time before the United States is deserted by its European allies. None of them has any interest in duplicating America's willingness to take on the Arabs. Already some of them are placing obstacles to American military shipments in support of the Marines. Before too long, we will be alone in this strange adventure.

The situation has so deteriorated, and American options have so narrowed, that it is difficult to envision constructive alternatives. Yet what is happening is likely to produce the worst outcome of all: The United States will become gradually bogged down, the region is likely to be cast into greater turmoil and the Soviet Union, without too much exertion, will find itself increasingly influential. Under these circumstances, we have to consider alternatives, however difficult.

One is simply to withdraw, realizing that such a withdrawal may increase the chances of a head-on Israeli-Syrian collision. But the prospect of war may have a salutary effect on the minds of the leaders in Damascus and Tel Aviv. If war comes,

Immigrant Bill: A Blow

By James Fallows

precisely because everyone involved took it seriously that the bill was eventually bolstered with guarantees and amendments about redoubling anti-discrimination efforts. The bill's solution was not perfect: In an ideal world, we would all feel more comfortable without employer sanctions. Thanks to the Speaker's decision, we will indeed be spared that evil. We'll have nothing to worry about except the consequences of not changing the law.

The clearest consequence is to make illegal immigration easier and more attractive than legal entry. Reasonable

people disagree on precisely how effective employer sanctions would be in stopping illegal immigrants. Nearly everyone admits that as long as jobs are open to them, the immigrants will find a way to come.

They will join the expanding class of people who live inside America's borders but outside the protection of its laws — a situation that perverts our economic system and our social ideals. The cold-blooded might argue that the exploitation of these immigrants is their own worry — after all, they are here by choice. But their unprotected status hurts workers in America as well. Because the immigrants can be hired illegally and for low wages, they constitute unfair competition for the least-skilled and least-privileged class of Americans — young blacks, working-class whites and resident Hispanics, the very people on whose behalf Democrats traditionally claim to speak.

The fundamental purpose of the Simpson-Mazzoli bill was to discourage illegal immigration and encourage lawful entry. Granting amnesty for those who had been in the country illegally for several years, it was de-

signed to minimize the number of people who live outside the law.

If the bill is truly dead, the victims will also include the ambitious young Mexicans, Koreans and Filipinos hoping to enter the country but without the family connections that are in effect indispensable to legal entry. When lawfully admitted and free to compete fairly, these "seed" immigrants have added disproportionately to the common wealth — witness the Vietnamese of Los Angeles, the Koreans of New York, the Cubans of Miami. The Simpson-Mazzoli bill would have made more room for them. Now the door has apparently been closed.

In the face of last year's Social Security crisis, the Speaker and the President resisted the temptation to score cheap points by accusing each other of stealing from the old. They agreed on a solution that inconvenienced everyone a little but pushed no one to the wall.

The Simpson-Mazzoli bill was another such imperfect but helpful solution. This time, it seems, the Speaker found the political temptation just too great.

WASHINGTON — In the midst of a rousing, hawkish speech to a dinner of conservatives assembled by the Heritage Foundation, President Reagan claimed as one of his central achievements: "We have significantly slowed the transfer of valuable free world technology to the Soviet Union."

Perhaps the President had in mind the illegal shipments of high-tech supplies and computers that have direct and immediate military use; that narrow band on the spectrum has been curtailed. But when it comes to "the transfer of valuable free world technology" that will strategically benefit the Soviet Union, it was during the Reagan Administration that the floodgates were opened.

Oil and gas technology is the name of the strategic game. Energy sales earn the Soviet Union over 60 percent of the hard currency used to finance an arms buildup, to buy grain and to supply revolutions abroad.

Six years ago, the C.I.A. offered a startling estimate: that in 1985 the Soviet ability to produce oil and gas would start declining. Evidently the Kremlin agreed, because it soon ordered a crash program for oil and gas development.

The Siberian gas pipeline to Western Europe, financed by the West Germans and the French, was the best known early move. Mr. Reagan tried to stop this deal, but the allies raised a furor and Secretary of State Shultz became a European hero by spinning Mr. Reagan around. That was when the President promised that "We and our partners will strengthen existing controls on the transfer of strategic items to the Soviet Union."

Since then, the Russians have been in the market for purchase of strategic technology to make possible these projects:

- High-sulphur "sour gas" in Tengiz and Astrakhan requires sophisticated equipment, available only in the West, to clean the natural gas.

- Sakhalin Island oil and gas development, a joint Soviet-Japanese effort, requires oil drilling and pumping equipment available only in the U.S.

- From the Baltic Sea to the Yamal peninsula, exploration has begun for drilling in hazardous and frozen conditions requiring technology the Russians do not have.

- A \$25 billion oil development in the Barents Sea, in the open sea be-

ESSAY

Selling The Rope

By William Safire

tween Norwegian and Soviet waters, needs corrosion-resistant metallurgy and seismic vessels pioneered in the West. This project would rival our Prudhoe Bay field.

Western nations have an organization called CoCom to decide what technology should be sold to the Soviet Union. As part of our fig leaf for abandoning sanctions on the Siberian pipeline, the U.S. was assured that oil and gas equipment — strategic, though not strictly military, technology — would be considered for controls.

After a year's bureaucratic wrangling in Washington, a hardliner at the Commerce Department — Lawrence Brady — recommended that 17 oil and gas exploration products be moved from the lax State Department control process to the strict Defense Department national security export control list. Although our purpose is strategic — to slow the ability of the Russians to expand oil and gas production — the blockade could be justified on military grounds.

These products include seismic surveying and acoustical equipment that could help find gas but could also detect strategic submarines; deep-well drilling rigs and mud-logging equipment, with magnetic resonances that have both commercial and military intelligence uses; high-pressure, corrosion-resistant pipes and valves that are needed for "sour gas" production, and anti-corrosion metals for naval weaponry. (Whew!)

Our State Department objected to more stringent controls on these items. As New York Times financial reporter Clyde Farnsworth discovered this week, the Secretary of Commerce did not back up his man, Mr. Brady, who will soon make known his intention to

resign and run for Congress in New Hampshire, wants Mr. Reagan's support and will go quietly. When William Clark, the national security adviser, did not press the hardline case for fear of being blamed for bagging another Secretary of State, President Reagan meekly acquiesced.

The upshot is not merely "business as usual" with the Russians but "better business than ever." The technology sales are often linked to financing and buy-back arrangements and energy dependency. Rather than restrain our allies in their lust to finance and supply the Soviet Union with the oil-gas technology that will enable Moscow to maintain superpower status, Mr. Reagan has decided to compete with the Europeans and the Japanese for the Russian business. Not only do we aid the Russians militarily, we strengthen them economically and strategically.

Perhaps Mr. Reagan thinks he can truthfully boast of keeping his campaign promise of slowing the transfer of technology to the nation that invests its profits in our demise. Some conservatives who listened to him last week were aware that Ronald Reagan was incredibly misinformed.

WASHINGTON

Two Dates To Remember

By James Reston

WASHINGTON, Oct. 8 — The United States and West Germany are getting into a tight corner these days, with two important dates ahead.

In the week of Oct. 15-22, the leaders of the West German "peace movement" are planning to put as many as two million people in the streets to protest the emplacement of U.S. cruise and Pershing 2 nuclear missiles in that country.

And on Nov. 21, the West German Parliament will vote on whether to approve or reject this effort to establish a balance of nuclear power in Europe with the Russians.

President Carstens of West Germany has been here trying to assure everybody not to worry. He addressed a joint session of the Congress. He met with the press for breakfast at the Watergate. He presided over an elaborate dinner at Anderson House, with venison and other delicacies flown in from Germany, and with Vice President Bush in attendance.

The press not only didn't worry, it didn't pay much attention. Not so the White House or Larry Eagleburger at the State Department, who has been the disaster-control and designated hitter around here for years.

In response to appeals from Bonn and other allied governments, President Reagan, for the third time, has amended his proposals for a nuclear compromise with the Russians at Geneva, but so far without anything but a "nyet" from Moscow, or even a recognition by the leaders of the German peace movement that he tried and didn't even get a medium-hello from Yuri Andropov.

One wonders if the Greens in Germany know the record of America's efforts to control or even to abolish nuclear weapons. They should look it up, and consider the geography of this capital city. There are not one but two hills in this city: the political or Capitol Hill, and also the spiritual hill dominated by the Washington Cathedral.

And last Sunday, as usual, Washington was praying for peace, with Vice President Bush in the pulpit: *For the nations of the world, their peoples and their leaders, that equal justice and true peace may emerge within them, and that a spirit of respect and forbearance may grow among them, hear us, O Lord.*

The German Greens don't have to instruct us in America about peace, mercy and reconciliation. There is a little "green" in all of us. But America didn't pass the Marshall Plan for the reconstruction of Europe, or put 300,000 of its men for two generations between the North Sea and the Elbe River, in order to be told that somehow they were not defending our common civilization, but were a menace to peace.

If America ever thought that was Europe's idea — that it wanted our troops but wasn't prepared to give the weapons to defend itself and its allies — the United States would certainly not agree to keep its troops there as hostages to superior Soviet missile power.

This point has to be made clear to our friends in the German peace movement. Twice Europe told us, in 1914 and in 1939, that if only America had committed itself in time to the defense of Western civilization, the two world wars might have been avoided.

Now, having committed ourselves, we Americans are being told, at least by many in Europe, that the present conflict is not over the defense of the civilization or a philosophy of life, but is merely a struggle for power between the two clumsy giants. Nothing could be further from the truth. The United States is not an imperial nation. If anything, like the Greens in Germany, it longs for isolation and the impossible dreamy world of perfect peace.

Every nation has its dream of perfect security. No doubt Germany dreams of the day when its divided nation will be unified. If America were divided at the Mississippi, with a hostile power on the Western slope, we would not sleep, even if we lost our lives, until the Republic was united.

We understand the dreams of the Greens, but there is no perfect security. There is only the struggle, with friends at our side, doing the best we can, and trying to know where we're going and who's going with us.

Listening to President Carstens and his colleagues here, we had the feeling, as we had with Chancellor Kohl and Helmut Schmidt before him, that they understood the tragic civil war of the West in the last two world wars, and were determined not only to defend their nation but our common civilization.

But they also realize somehow that maybe the most intelligent and idealistic members of our societies, in Germany and the United States, cannot tolerate the struggle for anything less than an ideal solution of the nuclear menace.

One understands. But these two dates — the demonstrations in Germany Oct. 15-22, and the vote in the Bundestag on Nov. 21 — will tell us a lot about whether this alliance can hold together. Or if it can't, whether the isolationist impulse in the United States, always just under the surface, will divide the Western world once more.

Arts & Leisure

ART VIEW

JOHN RUSSELL

New Art Animates the Tate

LONDON

All over the Western world, a phantom has walked free since the end of World War II. As phantoms go, it is benign, and when it turned up in London, just the other day, no one was scared.

What I have in mind is the phantom of the international exhibitions that changed the very notion of art before 1914. From London to Munich, from Berlin to New York, and from Paris to Moscow and St. Petersburg, these huge assemblies were effective in three quite different ways.

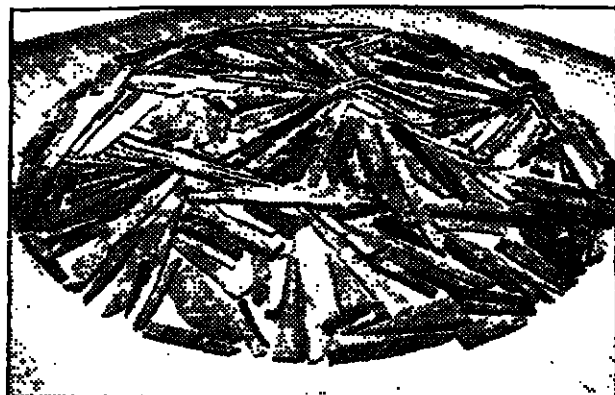
They introduced a wide general public to much of what was best in new art. They made visible the multiplicity of art, in that no one style was ever predominant. And often they brought art into large public spaces where art had not been seen before. The Royal Albert Hall in London was not built as an art gallery, any more than the 69th Regiment Armory in New York was built as an art gallery, but both did noble service to art before 1914.

What with the early warning system that they operated in respect of first-rate new art, the catholicity of their judgments and their inventive use of alternative spaces, the shows had a broad, open, unprejudiced character. They were, in fact, closer to gypsy encampments than to the mainline "art exhibition," with its frock-coated attendants, its mandatory hushed whispers and its predefined purview.

Restrictions of race, sex or nationality were unknown. Curiosity operated all round the compass. There was a general sense that a better world was waiting to be hammered out on the anvil and that it was up to everyone to help in heating the flame.

Something of the same sort has been behind almost all the large miscellaneous exhibitions of recent art that have been seen in Kassel, Cologne, Venice and elsewhere since World War II. It is a universal predicate, whether stated or not, that art is there to make the world better, and for no other reason. If that same notion may be presumed to lie behind the full-scale survey of recent art that the curator Kynaston McShine has in hand for the Museum of Modern Art in New York, it is because exhibitions of this kind are optimistic almost by definition. It is in books and articles, not in major exhibitions, that art is sometimes said to be in a bad way.

This being so, there is an undeniable rightness in the image that greets us at the Tate Gallery in London, where an exhibition called "New Art" opened the other day and can be seen through Oct. 23. A motorized metal sculpture of a hammering man by Jonathan Borofsky, it stands exactly 312 inches high in the circular lobby of the Tate and would therefore be difficult to miss. It moves, moreover, the hammer is pulled back to shoulder height and hesitates hardly at all before giving another well-aimed whack at the plate, or plaque, or whatever it is that the man in question has in his left hand. Given Borofsky's seraphic nature and his longing for all to go well, we could hardly ask for a more vivid presentation of what it means to hammer out a new world on no matter how small a scale.



Richard Long's "Slate Circle" (1979) at the Tate Gallery in London—It has acquired an Old Master presence.

From there onward, what to do? Organized by Michael Compton, whose role at the Tate is that of keeper of museum services with special responsibility for education, it is too small to have the catchall character of the shows that have turned up in unexpected places like the ruined palace of the Grand Dukes in Kassel, the former depository of salt in Venice or, at this moment, the former Brooklyn Army Terminal. Nor is it exactly the kind of extraneous attraction that comes into town, kills off all peace and quiet in the galleries for a month or two and then goes away again.

It has a double voice. It speaks for Mr. Compton's own personal likings, and it also speaks for the general coherence of the Tate's own acquisitions policy. (The reader should remember that the Tate Gallery is the beneficiary of an annual purchase grant from the British Government, and that the seven-figure size of that grant is nothing less than astounding to most American museum directors.) By my count there are around 115 works in the show. Of these, 37 are from the Tate's permanent collection. Furthermore, the showing of British art from Francis Bacon onward in the adjoining rooms has been adjusted to chime with Mr. Compton's exhibition.

The exhibition inaugurates, also, a new policy in the arrangement of what has always been one of the more unwieldy of the world's major museums. When the Tate's new building program is completed, it will be a three-part museum. There will be a museum of historic British art, inclusive of the great Turner bequest. There will be a Museum of Modern Art, in the sense familiar to us in New York. There will also be a Gallery of New Art, and it is this new gallery—or something like it—that is being given a trial run at this moment.



Rose Garrard's "Flaccid Guns" (1982)—She makes a particular impact in paintings in which the sculptured frame suddenly gets the upper hand of the painted image.

"New Art" is animated throughout by what the French call—or used to call—*le fairplay anglais*. No one set of opinions dominates. Nor does any country, any cabal, or any consortium of dealers. Nowhere do we sense, as we sometimes do on these occasions, that favors are being repaid or obligations set up. There are famous names in the show, but there are also people who come in from left field, like Magdalena Jetelova from Prague and Hubert Schmalix and Kurt Kocherscheidt from Vienna. There are truly young artists, even though the catalogue may err in giving Stephen McKenna's birth date as 1981, and there are artists like Robert Morris (born 1931) who though not strictly young are paragons of self-renewal.

What gave this visitor confidence in the show was the high quality of the contributions by artists who have been known to show too much, too fast. I have rarely seen a better painting by Julian Schnabel, for instance, than the one bought by the Tate. David Salle and Robert Longo are at their best, likewise. Though not the most nimble of persuaders in print, Michael Compton has the knack of thinking through an artist's work and coming up with what will best represent him.

Altogether, therefore, new art presents a predominantly playful face in London, and anguish, hatred, poverty, violence, alienation and political strife have been told to go away and come back another day.

A Mamet Play in London: The World of Salesmen

By MICHAEL BILLINGTON

The salesman is a classic figure in American drama. In Eugene O'Neill's "The Iceman Cometh" he is the self-deceiving shatterer of illusions. In Arthur Miller's "Death of a Salesman" he is the tragic hero symbolizing the way the American dream of courage and hard work has been debased to riding on a smile and a shoeshine. But the fascinating thing about David Mamet's "Glenrarry Glen Rose," being given its world premiere at the British National Theatre, is the way it treats its quartet of real estate salesmen neither as heroes nor villains. The play, which

sales contest, the top man wins a Cadillac, the second man a set of steak knives and the bottom two get fired. Armed with that information, one can begin to enjoy the play.

What Mamet quickly establishes (as in "American Buffalo") is the way people use jiving, racy, obscenity-splattered language to conceal panic, desperation and fear. The first act consists of three consecutive duologues conducted in the softly lighted private booths of a Chinese restaurant; and in each a garrulous figure is using language to mask feeling and establish domination over his quietest partner. We see a blustering, ex-virtuoso of the sales-pitch, now on a bad streak, trying to wheedle some

cover-up; yet Mamet gets a lot of comedy out of the semantic precision of these flamel-suited hustlers. "I mean, are you actually talking about this or are we just...?" asks the salesman at whom the notion of a robbery is being pitched. "We're just speaking about it," corrects his colleague with the hair-splitting finesse of a French Academician. In Mamet's text, the crucial word in every sentence is underlined; and one is instantly reminded of the work of Harold Pinter, where a tape-recorder ear is likewise combined with a musical formality.

But this is more than a play about verbal gamesmanship. It is also a complex, non-judgmental comedy about salesmen as simultaneously hucksters and dupes, sellers of dud property and victims of cruel incentive schemes. Mamet (who worked in a real estate office in 1969) may not like the system; but he has a perverse, quirky admiration for the men who have to go out there and make it operate. And this tension is skilfully caught in a scene where Jack Shepherd, as the high-flying chart-topper, finds that a deal he is trying to clinch has been blown by the intrusion of the office manager. His split-second switch from oily deviousness to fowl-mouthed indignation catches exactly the flavor of Mamet's ambivalence: repugnance for the salesman as skilled deceiver, sympathy for him as driven professional.

Throughout, Mamet demonstrates rather than judges, observes rather than harangues: these salesmen are desperate, muddled human beings rather than counters in an attack on the capitalist ethic. And this tone of moral neutrality is scrupulously preserved in the production at the National.

Jack Shepherd, a study in nervy ingratiation, reveals his internal division by hurling obscenities at the boss while backing away from him physically. Derek Newark as the salesman on the skids also combines a bruising, militaristic ferocity with a lamb-like meekness at his final humiliation. And Tony Haygarth, with almost nothing to say, creates a character out of a wife-dominated cab driver trying to wriggle out of a contract. But perhaps the most revealing performance comes from Karl Johnson as the flint-hearted office manager in rimless spectacles. You feel he is the one character Mamet dislikes because he doesn't have to put himself on the line. Mamet's salesmen may be bombastic slob, but they constantly pit their wits against a resistant world. Out of that tension springs a genuinely complex play that ranks among Mamet's best.



Nobby Clark

Karl Johnson and Derek Newark in David Mamet's "Glenrarry Glen Rose" at the National in London

opened to glowing reviews, presents its salesmen both as professional word-spinners trying to deprive gullible buyers of their savings and as victims themselves of a merciless cut-throat system.

The title suggests we might be in for a musical about malt whisky; what it actually refers to is an uninhabitable stretch of Florida swamp which the luckless salesmen are trying to offload onto dreaming Chicagoans. To understand fully what is going on one certainly needs to read Mamet's program note in which he explains the technical terms involved: that a "lead" is an appointment with a prospective client, that a "sit" is the actual confrontation and that the "board" is the office sales-graph charting the four salesmen's relative success. At the end of the

Michael Billington writes frequently about theater in Britain.



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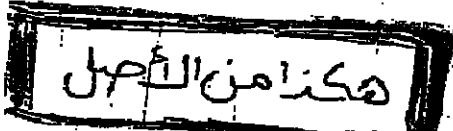


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Wisdom plus

By BARBARA SOFER / Special to The Jerusalem Post



Sam Melton and his wife Esther at his second bar mitzva (Karen Benzion)

HE IS impeccably dressed in a stylish beige shirt and trousers, and although in his ninth decade, he has the grace of a former athlete. His name is associated with the projects he sponsored — the Melton Centre for Jewish Education in the Diaspora, the Melton Building at the Hebrew University, the Melton Research Centre in New York, the Melton Journal, the Melton Fellowship, the Melton Community Centre in Columbus, Ohio, the Melton Vocational High School in But Yam, the Jewish History and Studies Centre at Ohio State University.

Samuel Mendel Melton has probably contributed more to Jewish education than any other individual. Sources close to him estimate that he has given \$15 million. He himself had no more than a brief formal Jewish education, and yet he set out with confidence to change the state of Jewish education, even if it meant establishing institutions and footing the bill himself.

He solicited funds from Sam Melton. It was Melton who went off looking for an appropriate framework to introduce his ideas.

SAM MELTON arrived in the U.S. from Austria-Hungary in 1904, a four-year-old in the company of his mother, Sarah Mendlowitz. His father was in Toledo, Ohio, peddling fruit and vegetables.

Sam was sent to the public kindergarten, where his midwestern teacher was determined to turn her polyglot charges into proper English speakers.

"My first school memory is of my teacher sticking her tongue out at me to teach me the 'th' sound," he recalls almost 80 years later. "I was insulted and burst into tears. My immigrant mother could not figure out why a teacher would want to act in such a fashion towards her son."

He learned to exchange ethnic insults with the others on the sandlot baseball fields and recovered from two broken ankles to become a

high jumper. While in elementary school, he worked afternoons and summers at his father's cart; in high school, he worked in shoe stores, a grocery store and a photographer's shop.

At 19, he went to Ohio State University, where a course on the prophets changed his views on what studying Judaism could be like. He wrote the best paper of his college career on prophets, but his real love was chemistry and engineering. When his non-Jewish college adviser told him that a Jew could never get a job in engineering in Ohio, he switched to accounting.

"Did I resent it? Certainly not. He saved me many painful years. As it turned out, I found my engineering background very useful in my business."

WHEN MELTON'S cousin offered him a job as a bookkeeper in his plumbing company, the graduate accountant quickly accepted. It was to be a short career.

"I soon realized that one item, surplus pipe couplings, had a particularly high profit margin. Couplings came on pipes and were often discarded by plumbers. Usually, around Christmas, plumbers would take the trouble to sell the couplings to pick up a little extra money. Then my cousin would resell them at great profit to conduit companies. My cousin said he wasn't interested in pursuing the matter further, but when I persisted, he said that if I was so interested I should go out and get couplings myself."

"My cousin worked New York and Pennsylvania only. I started with Chicago, Milwaukee, through Illinois to St. Louis, shipping tons of pipe couplings to Cleveland. After two weeks, I received a call from my cousin advising me not to send more — the specifications had changed. So I shipped the surplus to my father's garage. That was the beginning of Capitol Supply Company."

Making use of his engineering skills, Melton gambled that he

could alter the couplings to meet the new specifications. He invested all his savings, which amounted to \$300, and borrowed another \$300. With this money, he bought equipment and built a small plant. Business was so brisk that he soon needed to manufacture new couplings to meet the demand. Later, he started on pipe nipples. Almost every year he doubled the size of his factory. Even in the Depression, when most manufacturers were firing staff, Melton expanded and hired new workers.

During World War II, Capitol Supply made bomb parts for the U.S. military, winning Army and Navy awards for excellence.

IN THE MEANTIME Sam Melton had become rich. In 1938 he married Esther Coby, and he and his Zionist bride sailed to Palestine for

an unusual honeymoon.

"When we got to Haifa, there were a lot of Arabs and not so many Jews. It felt the same in Jerusalem. But when we got to Tel Aviv, I was overwhelmed. There was a whole city full of Jews. I felt at home immediately. And I noticed that there was almost no industry. On the spot I decided to send a pipe manufacturing plant like the one I had started at home."

Melton made good his promise to send a pipe plant to Israel. In 1949 he personally supervised the installation of the Capitol Manufacturing and Supply Company near Tel Aviv. The plant had been shipped complete, down to the last nut and bolt. Sam's share of the profits was divided among the Hebrew University, the Technion, the Weizmann Institute and Meir Shefa Village, where the Meltons' cousins took

care of homeless children. Melton subsequently turned over the management and ownership of the company to his cousins.

Capitol Supply grew so fast in the U.S. that by 1959 Melton could hardly keep up with it. New plants were opened and demand outraced supply.

"The business called for constant expansion, and I decided to sell it to a large company that would be better able to handle that."

JUST ABOUT that time, the Melton twins, Minna and Michael, were preparing for their bat and bar mitzva ceremonies at the local Columbus Hebrew School.

"The twins were always complaining about Hebrew school that it was boring and irrelevant. The teachers were not qualified and the lessons were not much different from what I had received and hated 50 years earlier," he said.

A practical man, Melton felt that something could be done about the school. Perhaps, like his couplings, it could be refitted to suit the children.

Inquiries about Jewish education led him to the portals of the Jewish Theological Seminary in New York. Officials there did not know how to react to this down-to-earth businessman who wanted the Seminary to improve the Columbus Hebrew School.

"It was clear right away that this was an extraordinary person who believed strongly that an individual can make a difference," recalls Prof. Seymour Fox of the Hebrew University. Fox was then a 29-year-old seminary staffer given the task of discussing ideas with Melton.

The seminary had never taken on such a project, but if Melton was going to foot the bill they were willing to try. Melton's visit to New York resulted in setting up a pilot school project in Columbus. The school would be run by educators from New York who would form the nucleus of what was to become the Melton Research Centre for Jewish

Education, the first major institution to deal solely with improving Diaspora Jewish education.

Within a few years, the Columbus school changed from a sleepy framework for bored pre-bar mitzva youngsters, to a testing ground for new ideas. Educators of the calibre of Abraham Joshua Heschel were brought in for consultation.

"The community was mostly Hungarian and had reacted strongly against their Orthodox past," said Prof. Sol Wachs of Gratz College in Philadelphia. Wachs served as educational director of the school for several years. "Anything that had Jewish 'content' smacked of Orthodoxy and frightened them. Sam's prestige in the community, however, allowed us to make enormous changes."

THE LACK of professional staff for such projects as the Columbus pilot school inspired Melton in 1963 to set up the Melton Fellowships. They enable talented young men and women to work in Jewish education.

"For me the Melton Fellowship was the equivalent of getting a Woodrow Wilson," said Prof. Barry Chazan of the Hebrew University, the first recipient of a Melton Fellowship. "I simply would not have been able to work in Jewish education without it. And that's true of most of the recipients."

Melton was worried also that too few university students studied Jewish history and culture. With some difficulty he managed to fund a chair in Jewish history at his alma mater. It became one of the largest university centres of Jewish education on any U.S. campus.

Melton realized in the 1960s that, if he were to have a real impact on Jewish education, he should encourage work to be done in Israel on Jewish education. Many of the educators he had worked with had immigrated there. "The more involved I got, the more I realized that the centre of Jewish education had to be in Jerusalem, the natural

centre of Jewish culture and history."

So he funded a building on the new Mt. Scopus campus, and endowed the fledgling Centre for Jewish Education in the Diaspora. That centre now has a staff of 60, and runs projects in Israel, the U.S., Canada, South and Central America, Australia, England, Europe and South Africa. All are funded in part by Sam Melton.

ESTHER MELTON, who had supported him in all his projects, died in 1966. Sam Melton then married Florence Zacks, a fellow inventor and industrialist. She had invented the removable shoulder pad in the 1930s and, when interest waned in the pad, she invented rubber-sole slippers (the basis of the R.G. Barry Footwear Company). The Meltons have a shared interest in Jewish education. Florence Melton, who is particularly interested in pre-school and adult education, sponsors a network of adult mini-schools in the U.S.

According to Jewish tradition, a man is wisest at 70. At 13, he assumes his responsibilities as a Jew. And 83, the sum of those two, is the time for a second bar mitzva. Recently, Sam Melton celebrated it at the Mount Scopus Campus.

How does he see his work in education?

"I have to ask myself if the investment was worthwhile. On the whole I'm pleased, but I still feel more could have been accomplished. Education is not the same as industry, where you create a product and make sure it works. It took me a long time to learn that lesson."

Sam Melton's teacher would pull his ear every time he made a mistake preparing his Tora portion. As I leave the Meltons, the shadows of the New York buildings grow longer. I cannot help thinking that even Sam Melton's sour-faced teacher would have smiled at his pupil — 70 years wiser — was called to the *hina* for his second bar mitzva.

Bellflowers and poppies

"GARDENER'S CORNER" By Walter Frankel

A POPULAR border plant in Europe and in North America, the bellflower is rarely found in Israeli gardens. Yet bellflowers tolerate light shade, as well as full sun. Ordinary good garden soils suit them, though they like calcareous, chalky soils. They may be grown from seeds or nursery seedlings, which should be set out just now. Bellflowers may also be propagated by division in spring.

Bellflowers bloom in June, solitary, erect bells like small cups or saucers, in blue, pink or white. The bellflower or campanula family includes some 700 species. Some are native to the Carpathian mountains, others originate in Asia Minor or the British Isles. Some are found 3,000 metres up in the Alps. So cosmopolitan are bellflowers, they can be found in the Pyrenees, in North Africa and even in Siberia.

Campanulas respond well to feeding with "manure tea," made by mixing cow or chicken manure with water. Feed this "tea" to your plants when the flower stalks are developing. High-growing stems should be staked. In general these flowers should be treated as biennials, which give you a large green rosette during their first season and beautiful flowers early the following summer.

Seeds of *Campanula carpathica* (pa'amoni carpatit in Hebrew) are available at the Ben-Shahar seed shop in Tel Aviv for IS\$0.50 a gram. So tiny are these seeds that just one gram will provide all the seedlings you need and probably enough for many friends. The nodding bells of campanula have made this flower a favourite with gardeners since the 16th century.

The botanical name "campanula" means "little bell" and almost all of the known species have bell-shaped flowers. The family includes bats in the belfry, Canterbury bells, Venus looking glass, chimney bellflower, corn-violet, bluebells of Scotland and harebell. In *Cymbelline*, Shakespeare writes, "Thou shalt not lack the flower that's like thy face, pale primrose, nor the azure harebell, like thy veins." Botanists believe the harebell described by Shakespeare was none other than the wild growing muscari, or grape-hyacinth. The names of flowers and their spellings have gone through many changes in their long history, especially where poetry is concerned, and the flowers in Shakespeare's plays are no exception.

To introduce bellflowers into your garden borders, rockeries or

Corn poppy (*Papaver rhoeas*), a 16th century woodcut

stone-wall crevices, start with a few plants, purchased for fall planting, then increase the number each year by dividing old clumps in spring. Add some sand, perlite or small tuff hoganal pebbles to the growing medium, to make it more porous.

Poppies lovely and dangerous. Over 450 species of the poppy (*papaveraceae*) family are spread over the world. We Israelis know well the wild poppy, *Papaver rhoeas* (*pereg matusi* in Hebrew), which appears in masses here everywhere in spring, from the uppermost part of Northern Galilee to the South of the Negev. It covers the pastures and meadowlands with bright red carpets. European farmers, who call it corn-poppy, fight this wild flower as an unwelcome weed, which disturbs their corn crops.

The corn poppy (*Papaver rhoeas*) is the now famous flower that "blew in Flanders' fields," where tens of thousands lost their lives during World War I.

Eschscholtzia, another plant, also called California poppy (*Escholtzia Californica* in Hebrew) is commonly cultivated in Israel. It grows wild (maybe an escaped garden plant?) in the hills of Southern California.

Each year, after the spring rains, millions of eschscholtzias erupt into a blaze of gold, which can be seen for miles. For this reason the state was first named "Tiera del Fuego" (land of fire) by the Spanish.

Eschscholtzias can be sown now, directly where they will grow, and they will bloom in spring. Their feathery leaves are blue-greyish and similar to the delicate leaves of dill. The flower bud is protected by a long, smooth cap, which pops up in one piece. Transplanting is not worthwhile; just thin them out to a space of about 20-25 cm. between plants and keep the ground weed-free.

Shirley poppies were developed from wild plants by an English clergyman, Rev. Wilks, the vicar of Shirley. They may be rose, salmon, orange, red, pink, lavender or white. The flowers are most decorative in the garden, but are not suitable as cut flowers, as they last but a short time, though many buds open each morning. Papaver and eschscholtzia seeds are available at Ben-Shahar's seed shop in Tel Aviv for IS\$0.30 a gram. Shirley poppies too, should be sown where they are to grow. When the seed is scattered in late fall, it germinates early in the spring and blooms from April until June.

While most members of the *Papaveraceae* botanical family produce a milky white sap with narcotic, and even deadly, properties, the above-mentioned papaver plants, are absolutely harmless and their cultivation in Israel is not restricted.

The opium poppy is a beautiful but dangerous plant. Its botanical name is *Papaver somniferum* (*pereg tarbuti* in Hebrew).

Young seed capsules contain many alkaloids, collectively known as opium, which include morphine and codeine. Through refinement, heroin is also extracted.

NEGLECTED MOTORISTS

LISTENING IN... / Ze'ev Schul

THERE WERE times I couldn't have cared less. That was long ago, when I still hoofed it to most places or, if the worst came to the worst, used such public transport as my expense account could bear.

Now that we have become a nation of self-propelled road-hogs and my sons and daughter each have a car (not to mention my own precious Citroen), I have come to regard the automobile as a necessary evil and, consequently, its crazed owner as deserving an appropriate slice of the national broadcasting cake.

Time and again I have bemoaned the inadequacies of radio programmes for motorists. I am ready to beg anybody's pardon if I'm wrong, but surely there has been no more than a fleeting mention of the fact that we now have a genuine super-petrol with a 96-octane rating.

I believe that our IS800 radio licence entitles us to a helping hand. For example, many car owners (who should have known better) bought themselves a high-spirited car, only to discover that it gave them a low-spirited performance on the octane ratings available in this country at the time. Some added gaskets to reduce high compression ratios and get rid of that rude "pinging" noise. In other words, engines were adapted to petrol standards, instead of the other way round.

If your car doesn't need the super, you'll be saving yourself a bundle. If, on the other hand, it does require the stuff, then it may also need a tune-up — perhaps even a new set of plugs — and certainly carburettor readjustments.

IT WOULD have been nice if the multitude of experts in the employ of Israel Radio had given us a list of makes and models which require the new fuel. The 15 per cent price difference is substantial enough. Also, how about some advice on winter driving? It's now or never.

This week we were fed a piece about the do's and don'ts of trying to start your car when the battery is low. The good man omitted to mention that pushing the car won't help with automatic gear models. But this is precisely the sort of information listeners want.

How about some information on the new-fangled battery rechargers that can be plugged in overnight? It might also be worth mentioning that, with windshield wipers wiping away, headlights blazing, heater, rear window demister and all the rest in operation, it isn't necessarily your battery or alternators that are at fault.

All this occurred to me while I was on the road, with my loudspeakers at full volume and the radio staffers apparently determined to do poor old Abuhazeira to death. (I wonder whether they serve mid-morning tea at Beit Dagon?) The new fuel has been with us for only four days, but Abuhazeira has been making headlines for the past four years. Need more be said.

WORDS AND PHRASES. Agudat Yisrael's Avraham Shapira is probably one of our most interviewed politicians. But, happily, he seems to have found time to devote himself to the matter of Ramot's new mixed swimming pool. The pool, said Shapira, would "gauge out the eyes of observant Jews living in the quarter."

Now this is a biblical term, and I suppose it shouldn't be taken too literally. However, it reminds me of the fellow who complained to the police that the young lady living opposite brazenly flaunted her naked charms at him every night. In due course a policeman arrived, but could see nothing. "Of course you can't," came the rejoinder, "but if you stand on a chair with my binoculars and look through that broken shutter slat outside her window — then you'll see the hussy."

Chaucer's *Canterbury Tales* were fit fare for my Sabbath. They sounded as convincing in Hebrew as they do in medieval English. The trick, of course, was to have Hanna Marron recite the Wife of Bath's tale and Yossi Banai speak out in defence of that "poor scholar Nicholas" who "had learned art, but all his fantasy was turned for to learn astrology." I came across these readings by pure chance, on the First Programme. If you ask me, they should have received lots of advance publicity.

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AFTER CHECKING out the possibilities of rain this coming winter, we might be well advised to follow our forefathers' recipe and pray.

On the eve of Simhat Torah, when Jews all over the world recited the traditional prayer for rain, Naftali Yimiv, the Ministry of Agriculture spokesman, called on farmers and all Israelis to pray not only for rain but also to ask that it should fall as it did last winter — over the whole season.

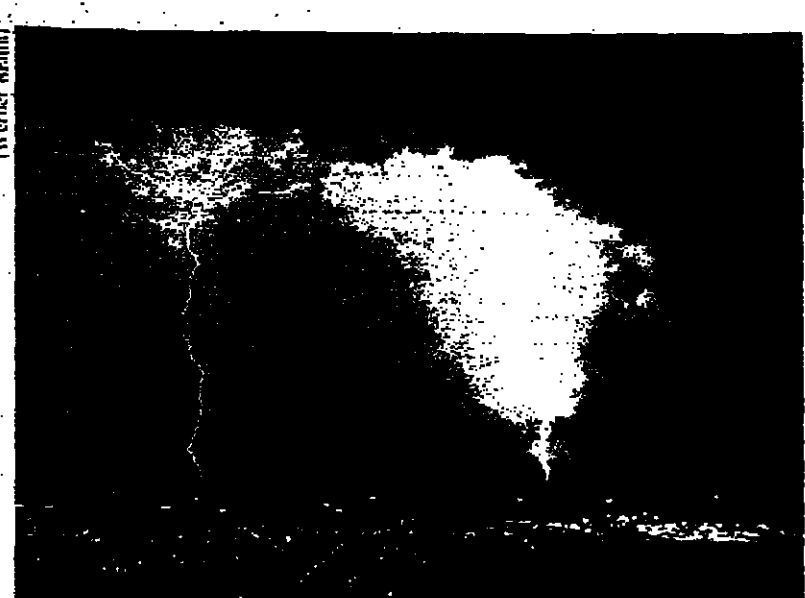
Despite all the advances of modern technology, not one of the experts was willing to stick his neck out and give *The Jerusalem Post* a long-range forecast for the coming winter. This type of forecasting is already practised in a number of countries abroad, but the meteorologist we talked to emphasized, it is still in the experimental stage. A couple of local meteorologists are preparing long range winter forecasts, but have not yet completed their work.

Yehuda Tokaty, director of the Israel Meteorological Service (IMS), also refuses to give a seasonal forecast at present, saying that one of his staff is working on a forecast which will be ready at the beginning of November.

Tokatly, conservative by nature as government employees are, weighs every word in stressing that seasonal forecasting is still in its infancy. Making such a forecast is very difficult, according to meteorologists attending a recent world meeting. "For this reason," he says, "I advise the public to be very careful in accepting such experiments."

A worldwide battle is in progress between the conservatives and the far-ranging predictors. To its credit, it is keeping even the most conservative meteorologists on their toes, open to new ideas. The best example is the conservative IMS, which a year ago was unwilling to issue a weather forecast covering more than the next 48 hours. Today, depending on who the duty weatherman is, a three-to-five-day forecast is available.

TOKATLY ADMITS that the IMS has joined the worldwide trend of extending the time range of forecasts. This is a challenge to the meteorologists, he says, explaining that they have to take into consideration such elements as temperatures, rain intensity, the ex-



Challenge to meteorologists

By YITZHAK OKED/Jerusalem Post Reporter

ment of storms and the gustiness of winds.

The meteorologists have been aided by a fairly large computer, Syber 170/720 of Control Data. The use of Weather maps received via satellites is also increasing.

The computer and the satellite maps have improved the weatherman's forecasting capabilities, judging by a small poll conducted among friends, colleagues and relatives, all of whom have noticed a considerable improvement in the forecasts, especially during the past year.

Tokatly is pleased to hear this. "Yes, last year was a good forecasting year for us. We hope to improve even more this coming winter and in the next few years."

He admits that getting results is no easy matter. To the loaded question of whether some of his difficulties are not connected with the IMS being under the authority of the Ministry of Transport, he carefully explains that many such services the world over come under

a government ministry. Some, as in Israel, are affiliated with the Ministry of Transport. Some are part of the Ministry of Defence, Agriculture or Public Works. In the United States, they are part of the Department of Commerce, he notes.

Being part of a government ministry has compelled Tokatly to trim his budget and make a 30 per cent cut in manpower. He admits that this was partly justified by improved, computer-related work methods, but claims these called for a five per cent reduction at most.

He does not believe there is a possibility that IMS could be turned into a semi-private company, since about 60 per cent of its work lies within the framework of the government's commitment to public safety. Only about 40 per cent of the work is geared to either private enterprise or economic organizations which pay for their services, such as the self-supporting Airports Authority and various agricultural organizations.

we did a decade ago, and more than in biblical times, when the prayer was instituted.

Tokatly is somewhat reserved, explaining that it is still too early to say if Israel's modern intensive agriculture is causing any climatological changes. IMS works according to a 30-year-average chart covering rainfall in different parts of the country. A new, updated chart should be ready in a couple of years.

"Then we might get some answers to your questions," he says. He is talking about a 30-year average, he stresses, "meaning that during those 30 years there are very wet years and very dry years, too."

Why do we have rain only in the winter months? Tokatly tries to explain this in layman's terms.

Israel lies within the boundaries of a subtropical area. During the summer months there is an anticyclone system in the atmosphere which acts as a barrier for the whole Eastern Mediterranean area, and does not allow rain clouds to penetrate. This barrier moves south during the winter months, letting rain clouds enter our area.

On a recent visit to Texas, I was impressed by the way the media, especially television, handles the weather.

Texas has a climate not unlike Israel's; four or five days can bring no significant change in weather conditions (although there is some rainfall during the summer). Nonetheless, the radio issues half-hourly information-packed bulletins, including aspects like wind force and direction and analyses. Unlike Israel, the weatherman is invited to the studio, so listeners can hear the expert himself.

Television gives twice-daily reports, again using the weatherman. Local weather is given in the national context; viewers see a map of the whole United States. A series of juxtaposed satellite pictures last August proved weather reports can be dramatic: the 115-mph hurricane Alicia was shown "inching" its way into Galveston.

The printed media devotes over half a page to highly informative weather reports, including a map and barometric pressures, something one never gets in Israel.

When will such coverage be available here?

"To our regret," laments Tokatly, "the way we come out to the public is dictated by those responsible for the media, both electronic and printed. We feel, for example, that we could render a better service if on TV we could give an intelligent verbal presentation, based on maps from satellite pictures."

Deteriorating situation

By LIORA MORIEL/Jerusalem Post Reporter

SEVERAL RECENT successful and attempted escapes underline the fact that both the prison and the lock-up at Beersheba are understaffed and overcrowded to the point of being almost inhumane.

A day after the announcement that Southern District Police Commander Nitazav Yehoshua Caspi had decided to move Inspector Gavriel Mamman from his job as commander of the lock-up (three policemen are to face disciplinary hearings for negligence) a district court judge rejected a request not to remand any more people in custody until the police agree not to put anyone else in the lock-up. The police pointed out that it is their job to hold suspects until they come before a judge.

The lock-up is off-limits to all but detainees and policemen. Reporters are especially unwelcome, so it is not easy to determine the real situation. Those who had reason to be there as "guests" naturally are not fond of the place and their testimony may well be suspect.

Even a cursory glance is sufficient to determine that the place is not unlike a kennel for dogs suspected of being rabid. The corrugated iron door is always locked. Only a tiny, barred window gives the visitor a glimpse — usually, only the eye of the door-keeper. Policemen go in and out with handcuffs strapped to their belts. The stench is strong.

The only time the public is made aware of the lock-up is when things go wrong: escapes, riots, suicides.

Because of the overcrowding, each cell has, I'm reliably told, eight beds. Sometimes, there are 10 men. And some say that two men sleep in the same bed. Police say extra mattresses are brought in.

At any rate, in the winter there is not enough hot water and all year round the lavatories are unsanitary. The conditions are reminiscent of those in totalitarian regimes.

LIKE ITS counterparts throughout Israel, Beersheba lock-up has both suspects detained until trial and prisoners from other institutions who are brought to Beersheba to testify in court in other people's cases.

"This is an added burden," said a high-ranking officer. "The lock-up is a place where it's very hard to



keep detainees because of the overcrowding and size."

As there is no serious probation authority which deals with prisoners once they've been discharged, they often commit another crime, and land back in prison. The percentage of recidivism in Israel is similar to the world's average: 65 per cent.

The Prisons Service takes care of prisoners only, and that is one of the problems, because detainees are not prisoners. Thus, the budget for lock-ups must come from the

already over-extended police budget. There is, however, a long term plan to hand detainees over to the Prisons Service.

With policemen clamouring for better pay and conditions and with the crime rate escalating and the traffic patrols at a standstill because of no resources, it is easy to see why the lock-up is only a secondary consideration for those who do the planning.

If a place will be found for all those prisoners who are sentenced and detained at the same time in the framework of the Prisons Service, the problem will be greatly alleviated, police say.

But the Prisons Service itself is overburdened, understaffed and underbudgeted. The situation at the Beersheba Prison is no less appalling. Besides some innovative projects, such as an arts programme, the prison is seething with violence just below the surface.

VIOLENCE MAKES for more crime, crime makes for more detentions, detentions make for more overcrowding, overcrowding makes for more violence. And so the dangerous cycle continues.

The answer may be money, but there is not enough to go around. Because there is money for Judea and Samaria, someone had the brilliant idea of constructing a jail near Nablus for security prisoners (half of Beersheba's 1,000 prisoners are security cases). The only problem is, as the Prisons Service spokesman, Shimon Malka, laconically reports, that almost as soon as these prisoners will be removed, new criminals will be brought in. Crime is on the rise and prisons cannot keep up with the demand.

A more realistic proposal for the Beersheba lock-up, which serves the whole Negev, is for the Negev police headquarters to be moved from the police station to somewhere else. Thus, the lock-up may be expanded.

As this solution, which has already been approved in principle, also needs money, we're back at square one.

Meanwhile, many, albeit not-so-innocent, men, women and minors learn the ropes of the trade before "graduating" to prison where they become another authority's burden.

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GETTING BACK to the prayer for rain, we asked Tokatly about recent climatological reports which claim that Israel's climate is changing, and that we have more rain today than

In the Supreme Court sitting as a Court of Civil Appeals before the Deputy President, Justice Meir Shamgar, Justice Miriam Ben-Porat and Justice Shoshana Netanyahu in the matter between the Israel Press Association Ltd. (IAP), the appellant, versus Abraham "Abie" Nathan and the Voice of Peace, respondents (C.A. 361/80).

SECTION THREE of the Telegraphic Press Messages Ordinance of 1932, as amended, provides as follows:

"When any person publishes in any newspaper or other printed paper published and circulated in Israel or supplies for such publication any message transmitted by telegraph from any place within or outside Israel and lawfully received by him, no other person shall, without the written consent of the first mentioned person or his agent thereto lawfully authorized, print or publish, or cause to be printed or published, such message or the substance thereof or any extract therefrom until a period of seventy-two hours has elapsed from the time of first publication; and the publication of the whole or any part of such message, or the substance thereof, or of the intelligence therein contained, or any comment upon, or reference to such intelligence, shall be deemed to be a publication of the message."

In terms of section 2 of the ordinance, "telegraph" includes, *inter alia*, "any apparatus for receiving or transmitting messages or other communications by means of signals, whether with or without the aid of wires;" a "telegraphic message" includes "a message or other communication sent by telegraph other than a message which is broadcast for general public reception," and the "time of publication" means "the moment when the first copies leave the printing press to be put at the disposal of the public."

The appellant brought a claim against the respondents in the District Court in respect of the re-broadcast of news, originally supplied by it to Kol Yisrael, by the Voice of Peace. The respondents, it was alleged, had committed a civil wrong since their action constituted a breach of the above ordinance. The District Court, however, dismissed the claim *in limine*, accepting the respondents' plea that since they had transmitted news from broadcasts of Kol Yisrael, and not from a newspaper, the source of their information was not a "telegraphic message" within the meaning of the definition. The appellant then appealed to the Supreme Court.

THE FIRST judgment of the Supreme Court was given by Justice Miriam Ben-Porat, who did not agree with appellant's counsel that although the information in question had been transmitted by radio, the protection afforded by the ordinance was still available. It was clear from Section 3 of the ordinance that the protection applied to a printed newspaper, and not to electronic means of communication.

This view was also supported by

Rebroadcasting the news

LAW REPORT/Asher Felix Landau

the definition of the "time of publication," which speaks of "the printing press." Justice Ben-Porat also referred to amendments to the ordinance in 1975, to the "blue paper" explaining these amendments, and to the relevant debate in the Knesset, all of which, she said, led to the same conclusion.

It had been argued for the appellant that since the identical information which had been broadcast had also been supplied by it to newspapers, the respondents were not entitled to publish it. This argument raised the question whether the protection of the ordinance applied only to the original source of the information published, or extended also to the information itself. It was also necessary to consider the effect of the publication of the information to the general community.

If the original source alone is protected, it would be very far-fetched to apply the ordinance to a publication based on a secondary, unprotected source, particularly since such a ruling would disturb the balance between the protection of the commercial interests of a news agency, and the recognized freedom of acquiring and disseminating information.

It was unnecessary, however, to decide this point, since there was no doubt that the information in question, which consisted of news, was "broadcast for general public reception." It was not, therefore, a "telegraphic message," as defined in Section 2, and was not protected by the ordinance. It had been laid down by the legislature, rightly or wrongly, that once the information

is brought to the knowledge of the general public, there is no point in protecting the commercial rights of the news agency, even if the information did constitute a "telegraphic message" before its general publication.

IN VIEW of the clear provisions of the ordinance, Justice Ben-Porat declined to enter into a comparison between Israeli and American law on this subject. The American law in this regard is not based on statute, but on judicial precedent prohibiting unfair competition. In the absence of legislation, it is reasonable to hold that even publication by radio does not necessarily destroy the proprietary interest of the supplier of the information broadcast, as against a competing agency. Indeed, it seems, *prima facie*, that in American law a radio broadcast does not destroy that interest until its commercial value has been fully exploited. In view, however, of the above definition of a "telegraphic message," the position in Israel is different.

Appellant's counsel had argued that the protection of the ordinance is lost only after the news has been broadcast, but not during the actual broadcast. Justice Ben-Porat rejected this contention, holding that even a simultaneous re-broadcast of the news is unprotected, but she pointed out that in the present case, it seemed that the respondents had re-broadcast news that had already been broadcast by Kol Yisrael.

Finally, Justice Ben-Porat noted that the conclusion which she had reached may not be the most

desirable one. The remedy, however, lay with the legislature, which should give this matter its consideration.

Justice Meir Shamgar agreed with his colleague. The marginal note to Section 3 of the ordinance speaks of "protection of certain telegraphic messages from publication within a certain period." The section, he said, contains two elements, the information published, and the purpose of its publication. As far as the second element is concerned, the section could be interpreted so as to cover not only information published, but also information transmitted for publication. The result would be that if information was transmitted for the purpose of publication in a newspaper or in some other printed form, it could not be first published elsewhere without authority. But the first element, the information itself, consisted of "telegraphic messages" as defined in Section 2, and since the court was concerned here with news "broadcast for general public reception," Section 3 did not apply.

The remedy, therefore, was in the hands of the legislature. He himself inclined to the view, theoretically speaking, that there could be a right of ownership in news similar to copyright. Perhaps, Justice Shamgar said, the ordinance should be amended so as to afford adequate protection for news agencies against the unauthorized use of the results of their work. That, however, was a matter for the legislature.

For the above reasons the appeal was dismissed, and the appellant ordered to pay the costs of the respondents in the sum IS15,000. Advocate Yehoshua Rotenstein appeared for the appellant, and Advocate Arye Marinsky for the respondents.

Judgment was given on September 25, 1983.

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Heshvan 3, 5744 • Muharram 3, 1404

Riding the tiger

THE STOCK EXCHANGE is to remain closed for trading another day today, and the expectation is that it will stay closed tomorrow as well — indeed as long as is necessary to work out the details of the agreement between the Treasury and the Bank of Israel and the commercial banks. The agreement is ostensibly designed to restore the money market to some semblance of normality. Yet it seems certain that, when trading on the exchange resumes, banking shares will lose anywhere up to one third of their value.

In the opinion of responsible officials, the banks had it coming to them. They brought the crisis upon themselves — and on the huge public of investors that trusted them implicitly. They should have taken care not to boost the values of their shares unrealistically as a means of increasing their capital, and they should not have used their shares as their own collateral.

The crisis, these officials claim, was foreordained, and the Treasury and the central bank did the commercial banks a favour by refusing to help support their shares any longer in the manner to which they had become accustomed.

There is doubtless something in this argument, that the government acted to defuse a dangerous monetary time-bomb of the banks' own devising. The banks cannot absolve themselves of all blame for their, and their investors', plight. But it is, to put it mildly, highly inaccurate to portray the government as an innocent bystander that, at the last crucial moment, rushed to the rescue of the banks.

Bank shares have long been considered perfectly sound non-speculative securities, in which the public could invest with complete safety. This impression was given even more substance when speculative shares tumbled on the market last January. The government did nothing, or next-to-nothing, to warn the public that bank shares too, were not sacrosanct.

On the contrary, even by its very silence the Treasury lent credence to the counsel tendered by bank advisors to their customers — that the government would never allow banking shares to fall precipitously, because the welfare of the banks was virtually synonymous with the stability of the economy.

Indeed the government itself helped direct potential investors to the banking shares by keeping down the values of its own bonds, and by slowing down the rate of devaluation.

The crisis was set off when the public, learning from reliable statistics that the country's economy was going from bad to worse, and figuring that a large-scale devaluation was around the corner, rushed to sell its banking shares and to purchase dollars. The Treasury could have averted the crisis, and spared the banks the necessity of propping up their \$7.5 billion worth of shares with massive injections of foreign currency from abroad, by devaluing the shekel.

This, without other supporting measures, would not have saved off another crisis for more than several months, and in itself would have solved no basic problem. But during the following months the government could presumably have laid out a comprehensive economic programme, which could have included a graduated halt to the banks' practice of "regulating" their shares as one of its aspects.

Apparently the government — that is, the Treasury — did not have minimal faith in its ability to come up with any such economic programme in this space of time. Rather than try the simple and limited device of devaluation, it preferred to open a veritable Pandora's Box of possible economic woes by knocking the props from under the banks and starting an unpredictable chain reaction.

Where this reaction will end is anybody's guess, including our economic officials, elected and unelected. In other times and in other countries, officials with better records in economic management have, in fear and trembling, shunned such tampering with the public's faith in basic economic institutions.

Our Treasury, with its record, does not suffer from such humility.

HAS THERE ever in the history of democracies been a more obvious occasion when elections are called for than in Israel in autumn 1983?

And has there ever anywhere been an opposition more pathetically impotent, more cynically remiss, in its basic democratic duty — to strive for elections — than the Israeli Labour Alignment today?

Even Argentina, hardly a paragon of democratic practice, has resolved that after a disastrous war, in a sustained economic super-crisis, elections are the only reasonable recourse.

Among the various values and mores that are being slowly, insidiously perverted here is the fundamental tenet that governments are changed by elections — not by parliamentary trickery and bribery ("Kalanterism" used to be a pejorative term in Israel; now it is a tactic to be admired), nor by pursuit of the chimera of unity, in the misguided notion that "The People" want a fudging of the issues, a flight from the hard reality.

We all know why Shimon Peres's

I AM EMBARRASSED that the state is paying for two-thirds of my loaf of bread. I often buy standard subsidized bread simply because I like the taste. I would gladly pay IS18.09 for it instead of IS6.70 — if I had any assurance that the difference would go to the Treasury and not the grocer's pocket.

There must be many consumers, like myself, who are ashamed of eating eggs, milk, oil, margarine and frozen chickens for which the state is paying half, or nearly half, the real market value. But we have no choice. There is no administrative set-up through which we could offer to pay the true prices for what we consume.

Besides, few of us are so altruistic that we would voluntarily pay double the current prices while our less civic-minded affluent neighbours go on taking advantage of subsidies which they don't need, and which are a legacy from an earlier, less sophisticated, era in the country's history.

A GREAT many citizens voted in the last election for a party platform, the Likud's, which promised to abolish food subsidies while continuing to subsidize only the very

FEEBLE OPPOSITION

By DAVID LANDAU

speech in the Knesset this morning will be yet another of his turgid, mock-Ciceronian catalogue of triads instead of the short, sharp "In the name of God, Go!" that is the only opposite opposition response to our present condition. We know why Labour is not baying for elections, why there are not 50 Alignment private members' bills tabled demanding the early dissolution of the Knesset.

WE KNOW WHY — yet it is worth repeating. Labour doesn't really want elections.

That is the incredible, undemocratic reality of Israeli democracy today.

After all, if Labour shouted "Elections!" long enough and loud

enough, it might, it just possibly might, sway the handful of coalition votes necessary to bring elections about. That is why Labour isn't shouting, as any halfway respectable opposition anywhere else would do.

Labour believes that elections would reopen the perennial leadership rift within the party, and it cannot face another convulsion. Shimon Peres is doggedly, fixedly chasing the phantom of a mid-Knesset change of government. He fears — justifiably, in view of his sensational and sustained unpopularity in the opinion polls — that he would be the loser in another round of the leadership struggle.

His party, to its immortal shame, would reopen the perennial leadership rift within the party, and it cannot face another convulsion. Shimon Peres is doggedly, fixedly chasing the phantom of a mid-Knesset change of government. He fears — justifiably, in view of his sensational and sustained unpopularity in the opinion polls — that he would be the loser in another round of the leadership struggle.

prefers to support this craven and selfish strategy, so dismal and demeaning, rather than sweep him and it aside. What about the country, the war, the West Bank, the economy...?

Perhaps Menachem Begin's oft-made accusation, that Labour puts its party interests before those of the nation, was not always true when he made it. But it certainly seems true today.

THE CRAVENNESS, the unwillingness to take risks for the sake of the national good as Labour itself sees it, are dressed up in pseudo-sophisticated political pretexts such as "Let them (the Likud) stew in their own juice." Another two years of Arikor, Arik and Co., it is argued, will improve Labour's chances in

the 1985 elections. The purveyors of this unsavory, and indeed unpatriotic strategy, have the cheek to disparage the patriotism of Aguda and Tami and part of NRP for these small parties' failure to betray Shamir and move over into Labour's embrace.

The only real difference is that the small parties are more open about their unscrupulousness, about being out for what they can get.

Nor did the "stew in their own juice" so-called strategy prevent Peres and the other tired has-beens of the Seventies from shamelessly seeking a place in the pot for them to stew in too, alongside the perpetrators of the war, the architects of the economic collapse, the corruptors of Jewish-democratic Israel.

We shall no doubt hear the whole litany of devastating criticism of the Likud government from Shimon Peres in his Knesset speech today. And how right he will be. But how bereft of credibility. The very antithesis of sincerity. The utter opposite of leadership.

A third of a loaf

By MARTHA MEISELS

needy, through welfare grants. Yet this has not been carried out, apparently out of fear of political repercussions from factions such as Tami, whose electorate is pro-subsidy. The periodic so-called "cuts" in subsidies, such as the 6 per cent we have had this month, are not really cuts at all, merely readjustments of the inflation. And even these mini-price-rises are cushioned by Cost-of-Living allowance increases. The actual percentages of subsidies are not going down, and have even risen in some cases.

WE HAVE long needed a step bold enough to make a serious saving in the national budget and put us on the path of realistic prices for foodstuffs. The daring idea, to eliminate the subsidies gradually over a period of several months — without allowing the resultant price rises to be calculated into the C-o-L index has been raised. In other words, phase out this economic fossil without further fuelling

the inflation through compensatory wage adjustments. But it is probably illegal, or at least unacceptable to the unions, to tamper with the index so as to bypass C-o-L agreements.

An alternative suggestion would be to cancel subsidies one product at a time, but cancel the subsidy totally, so that the price would immediately jump to its true market level. If it were done product by product, month after month, the index might be able to absorb the shock without sky-rocketing, and C-o-L allowance agreements could be preserved.

OBVIOUSLY, consumers would have to adjust their shopping habits to realistic price scales. Today, there are some blatant absurdities: A litre bag of fresh milk costs a mere IS16.80, while a litre of carbonated soft drink, mostly water and "empty calories" in the form of sugar, costs about IS45. If the present subsidy on milk is 83 per cent, a

litre of milk at its real price should cost just under IS31 — still considerably cheaper than soft drink, particularly when one considers value for money. I know there is a desire to encourage families to buy milk for their children rather than soft drinks. But I do not see that the present policy of pricing milk so far below soft drinks fizzes has driven these less healthful beverages off the shelves.

IN FACT, today's unrealistically low prices of basic food may actually contribute to the consumer's difficulty in budgeting wisely. It is hardly a new thought that a great deal of bread is thrown out in this country because its price is so low as to encourage frivolous overpurchase and easy waste. I wonder how much our wheat imports would be reduced by the simple measure of raising bread prices to logical levels?

Our better-off consumers tend to be unquestioning of the prices,

steep by world standards, that we are charged for all sorts of local factory-processed foods. And I'm talking not about luxuries but about everyday items like tinned beans and bottled tomato juice. Perhaps if the better-off consumers had to pay full prices for their eggs, milk, bread and chickens they would have to be more choosy and a little more critical about what they agree to pay for the non-essential foodstuffs — and this might result in a lowering of manufacturers' prices, which would benefit the entire public.

It is quite likely, of course, that if people had to pay realistic prices for food, they would demand more realistic wages. Then employers — starting with the government — might have to employ only a reasonable number of workers, for that work which really needs doing. And then employers might demand, and get, a full day's work for a full day's pay. And then industries might become more efficient, and more competitive here and abroad. Who knows where we might arrive if we began paying a fair price for our bread and milk and eggs?

Martha Meisels writes for The Post on consumer affairs.

READERS' LETTERS

SHOOTING DOGS

To the Editor of The Jerusalem Post Sir. — On September 19, at the time we release our dogs for exercise, I heard several shots. I rushed outside my factory in Shlomi and saw one of our dogs (with collar and identification disc) badly wounded, heading for home.

Whilst I administered first aid to the shot animal, a second dog was shot virtually outside the premises. I then saw and approached a man carrying a rifle outside our factory. When requested for identification and purpose, he told me that he was from the Nature Reserves Authority and was ordered to kill all dogs without tags. I did not believe his story and asked for his identity card which he refused to give.

I then requested that he release his rifle. Instead of complying, he laughed. As I was getting more apprehensive at dealing with an armed, deranged person, I fetched my revolver from the factory and challenged him again, to no avail. After some argument, the man and his dog entered the car and drove away.

It required a four-hour operation to extract the fragments of two bullets from the shot animal, which is now being nursed at our home. Cost for operation: IS6,000 plus antibiotics and 24 work hours lost.

We subsequently traced the car driven by the dog exterminator (through its licence number plate) to the Nature Reserves Authority, the driver being Avner Eyal, of Nahariya.

On September 21, I went to the Nahariya Police Station to file charges against Mr. Eyal, comprising:

- Shooting in a public area;
- Failing to warn dog owners and surrounding public of impending danger;
- Knowingly shooting licensed animals;
- Maiming, resulting in unnecessary suffering to animals;

sary suffering to animals;

e. Causing extreme anguish, apprehension and costs to dog owners.

I was informed that a file pertaining to this subject had already been lodged in Shlomi and was requested to contact the police officer there. Thinking that other complainants also had the same problem, I introduced myself to the officer in Shlomi and stated my case, after which he told me that criminal charges for threatening behaviour with a loaded weapon had been lodged against me the previous day.

Upon completion of legal formalities, which were concluded with my finger-printing, I realised the 180 degree turn of events, at which time I also started to doubt my own sanity!

As a tax payer and army reservist of 19 years standing, am I not entitled to protect myself and/or my property against imminent danger? As a humanitarian I ask, is there only a law of destruction against dog owners? If so, under what pretext or twist of this law are licensing fees due?

ALFRED BIELER
Shlomi.

The Spokesperson of the Israel Nature Reserves Authority replies:

The Authority deeply regrets this unfortunate incident. The matter has been investigated by the Authority and the employee severely reprimanded and is now facing disciplinary action in addition to the criminal charges filed against him by Mr. Bieler.

The Authority explained that, due to the current outbreak of rabies in that area and in order to prevent wide-scale poisonings which would result in the death of both the dogs and the local wildlife, the Authority had undertaken to destroy stray dogs by shooting. However, they do not endorse the actions of this employee.

VINTAGE FILMS

To the Editor of The Jerusalem Post Sir. — It is assumed that budgetary considerations are the reason for the poor quality of vintage pictures which are shown at peak TV viewing time on Friday evenings.

I could list a number of vintage films — some dating back to the Forties — which might be enjoyed by the public: "In Which We Serve," "Intermezzo" (with Leslie Howard), "Pygmalion" (with Leslie

Howard), "Modern Times" (with Charlie Chaplin), "The Great Dictator" (with Charlie Chaplin), any old film with Lawrence Olivier or Alec Guinness, etc.

DAVID LEVY
Ramat Gan.

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POSTSCRIPTS

PS A TWO-HEADED water snake has become the reigning reptile at the Miami Serpenterium, in Florida, munching six goldfish at a time with both heads, although it sometimes seems confused as to which head leads.

The reptile, the product of a birth defect, was found in the state of West Virginia and is named Hatfield and McCoy after two families from the area who became known throughout the U.S. for their violent feud.

The Serpenterium bought the striped "Siamese snake" for \$50 from a teenager who discovered it by a creek when it was a 15 centimetre wriggler three years ago.

Now, say reptile keepers, Hat-

field and McCoy catches food with both mouths and "he's doing just great. He's almost a metre long now."

Hatfield and McCoy lives in "a very fancy little home with its own swimming pool and plants," said Nancy Harrell of the Serpenterium.

Hatfield and McCoy is a voracious eater, munching six goldfish at a time with both heads in action, said Harrell. "It's like two individuals, and it just depends on who wants to go for the fish."

"The left one, I would say, is dominant. If he lies relaxed, the left head lies more in line with the vertebrae. But both tongues come out, and if you cover one head, the other one can see."



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As a result of our being featured on Kolbotek last week we have had an unprecedented demand for the loan of equipment, especially for wheelchairs, crutches, oxygen units and respiratory monitors.

Unfortunately, many of those who applied to one or other of our 34 branches during the last few days to borrow a particular item found that there were none left.

We would be grateful if individuals who have medical equipment which they no longer require, would donate them to us so that they can be lent to those who need them. We also need more volunteers to help us extend our other free services (a laundry service for the ailing aged, a medical-emergency radio-alarm network for high risk patients living alone, home visits to the sick, etc.).

We also desperately need cash donations to enable us to purchase new equipment and give our services to all those who need them.

Please direct your reply to your nearest YAD SARAH branch or to our headquarters at 43 Rehov Ranevium, Jerusalem, Tel. 02-244242.

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